United Nations

United Nations Relief and Works Agency for Palestine Refugees in the Near East

Financial report and audited financial statements

for the biennium ended 31 December 2007
and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-third Session
Supplement No. 5C (A/63/5/Add.3)

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Report of the Board of Auditors

United Nations • New York, 2008

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ISSN 1020-2439

[8 July 2008]

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Letters of transmittal

27 March 2008

Pursuant to financial regulations 11.4 and 12.1, I have the honour to submit the consolidated financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (including the Microfinance and Microenterprise Department) for the year ended 31 December 2007, which I hereby approve. The financial statements have been prepared and certified as correct by the Comptroller.

(*Signed*) Karen Koning AbuZayd
Commissioner-General

The Chairman of the United Nations Board of Auditors
United Nations
New York

30 June 2008

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2007.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
(Chairman, United Nations Board of Auditors)

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 2007

A. Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly in its resolution 302 (IV) of 8 December 1949 as a separate entity within the United Nations system and it began operations on 1 May 1950. The mandate of UNRWA has been renewed repeatedly, most recently in Assembly resolution 59/117 of 10 December 2004, when it was extended until 30 June 2008.

2. UNRWA reports directly to the General Assembly, to which the Commissioner-General submits an annual report. A general review of UNRWA programmes and activities is undertaken on an annual basis by the 10-member Advisory Commission, which includes representatives of the Agency's donors and host authorities. The Advisory Commission has a working relationship with the Palestine Liberation Organization.

B. Strategic goals of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

3. The Agency's goal is to promote the human development of Palestine refugees and strengthen the self-reliance of the refugee community.

4. In the foreseeable future, UNRWA will continue to provide basic education, health, and relief and social services to more than 4 million registered Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip.

5. The Agency intends to develop a comprehensive approach to camp development that will integrate housing and infrastructure interventions with health, education, microfinance and microenterprise, and community services within a human development framework.

6. The education programme will provide Palestine refugee children and youth with learning opportunities, knowledge, skills and experience that are consistent in quality, standards and norms with those offered by the host authorities within the overall framework of the principles of the United Nations.

7. The health programme will continue to focus on fostering quantitative and qualitative service standards consistent with the United Nations Millennium Development Goals and public sector standards, and on improving environmental conditions in camps, with a special focus on preventive primary health care.

8. The relief and social services programme will give high priority to providing assistance to meet the minimum needs of the most vulnerable refugees.

9. The Microfinance and Microenterprise Department will be funded primarily from revenues generated by the Department's credit operations, but also from donor contributions. The Department will focus on implementing outreach, product development and capacity-building through a range of business, consumer and housing loan products that will improve the enterprise, household and housing

conditions of Palestine refugees and other groups of proximate poor in four of the Agency's five areas of operation.

10. The Agency will continue to provide emergency assistance to Palestine refugees in situations of acute distress.

11. Capital improvements and associated recurrent costs in respect of Agency facilities and camp infrastructure, as well as other major developments, including the Palestine Refugee Records Project, will continue to be provided for under the project budget.

12. The Agency will continue to create and enhance capacity-building opportunities for staff by providing the necessary developmental, leadership and management capacities to deliver and manage a quality service that is both innovative and responsive.

13. The Agency will continue to promote gender equality and empower women through all of its programmes.

C. Strategic planning framework

14. Working within the parameters of its mandate, UNRWA has developed its own strategic plan, widely known as the medium-term plan for the period 2005-2009. The medium-term plan articulates the Agency's desire to take advantage of technological advances across sectors, consolidate its achievements and better serve the long-term interests of Palestine refugees. This refocusing of direction is necessary to help prepare Palestine refugees to contribute to, and take advantage of, any positive changes that may be realized in the region over the next several years. The planning framework is aimed at ensuring that all Palestinians derive maximum benefit from the Agency's work — work which should include the continuation of human development trends that have been set in motion by the Agency since its early years.

D. Partnership with other agencies

15. UNRWA enjoys close cooperation and long-standing partnerships with a number of United Nations organizations including the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the United Nations Human Settlements Programme, the Office of the United Nations High Commissioner for Refugees, the World Food Programme, the United Nations Children's Fund and the World Health Organization. It participates actively in multilateral aid coordination structures for the occupied Palestine territory and collaborates with the League of Arab States. As UNRWA partnership strategies have proved highly successful, programme departments have maintained and strengthened existing partnership practices while at the same time actively seeking opportunities to build new partnerships. With a view to contributing to civil society, priority is given to exploring partnerships with established local non-governmental organizations. To minimize the duplication of services, particular efforts are being made to develop cooperative arrangements with alternative, complementary service providers, based on comparative advantage.

16. Developments in the areas of governance and stakeholder relations affect donor and host country support and thus have important implications for the achievement of UNRWA goals. As underlined at the conference on building partnerships in support of UNRWA, held in Geneva in June 2004, an important priority is to develop a tripartite (host/donor/UNRWA) approach as a tool for increasing donor responsiveness and creating synergies with other service providers. Productive synergies with other service providers will help demonstrate to donors that the Agency is capable of combining its strengths with those of other competent actors to maximize efficiency and optimize service outcomes for its beneficiaries.

17. The Agency recognizes that its governance processes do not as yet fulfil their potential as mechanisms for information-sharing, substantive policy guidance and mutual accountability of UNRWA and its stakeholders. The Agency is committed to working initially to identify a reform formula that allows for substantive discussion of concrete policy issues, while respecting the imperatives of the Agency's mandate. The implementation of the Agency's planned programme of work will benefit from a continuing multi-level dialogue with all partners and stakeholders.

E. External factors

18. UNRWA planning is complicated by uncertainty surrounding the Middle East peace process. Should peace talks progress, the Agency may be asked to assume new temporary tasks, as required by a peace settlement. However, should conflict persist, military operations, security issues, deteriorating economic conditions for the refugees and restrictions on the flow of goods, services and individuals will continue to affect the Agency's work.

19. UNRWA operates in a turbulent region buffeted by the Arab-Israeli conflict and its consequences in terms of episodes of violence and a worsening socio-economic situation. Emergency situations, especially in the Gaza Strip and the West Bank, impose heavy operational and financial burdens on the Agency, threatening the sustainability and quality of UNRWA services and necessitating emergency appeals, which compete with fund-raising for the regular budget.

20. Uncertainty exists as to the economic impact of the planned Israeli disengagement from the Gaza Strip and some parts of the West Bank. Contingency planning for the disengagement includes the pre-positioning of food and other supplies for distribution, and preparation for medical emergencies that might arise during the disengagement process. UNRWA, in close cooperation with the Palestinian Authority, is preparing for major activities in the fields of education and infrastructure development, to be implemented upon completion of disengagement and once supplementary funding to that end is secured.

21. In the West Bank, the communities affected by the wall/fence have increasing needs, as access to basic services is more and more restricted. By adapting its services, UNRWA has been working to meet the growing needs of these communities. The wall/fence around Jerusalem is having a particular impact on UNRWA operations, as even access to duty stations for staff has become a serious problem. The conflict in the Gaza Strip and the West Bank has also disrupted the Agency's ability to deliver its services, has adversely affected the safety and security of UNRWA staff and has resulted in significant additional expenditure to counteract obstacles imposed by the Israeli authorities.

22. Staff living and working under conditions of extreme stress in the Gaza Strip and the West Bank frequently suffer from fatigue and burnout, making it increasingly difficult to produce quality results.

23. Obstacles to UNRWA operations include the imposition of closures and restrictions on humanitarian access in the West Bank and the Gaza Strip, where some 48 per cent of the Agency's regular budget is spent.

24. The UNRWA budget, funded almost entirely by voluntary contributions (in cash and in kind), is subject to uncertainties in the timing and value of funding receipts. This limits the ability of the Agency to plan and implement programmes and project activities. Although UNRWA expenditure is incurred mainly in United States dollars, 63 per cent of the income is received in non-United States dollar currencies, thus exposing the Agency to the risks of currency fluctuations.

25. Worsening socio-economic conditions and increased rates of unemployment in some of the Agency's areas of operation result in, inter alia, larger numbers of school dropouts and increased demands on medical care services, compromising community participation and causing a breakdown in cost-sharing systems.

F. Social accounting, risk management, performance evaluation, disaster recovery plan and internal control

1. Social accounting

26. Accounting plays an important role in defining the goals of the Agency and increasingly in mediating the relationships between the Agency, society and the environment within which it operates. Its social accounting responsibility is recognized within the Agency and stakeholder welfare reported upon; the stakeholders are the refugees it serves, the employees, the donor community and the host Governments of the areas of operations. Deliberate policies are implemented that are meant to demonstrate the importance of social and ethical responsibilities enshrined in the Agency's mission and objectives. This is achieved by recognizing the needs and taking care of the environment in which it operates and ensuring that it is culturally friendly and acceptable to the local community and the host Government. The Agency's social responsibility is further demonstrated by its recognition of the vast majority of its workforce as belonging to the Area Staff category and by providing for their needs to the largest extent possible during and after their employment with the Agency. Special reference should be made to the Agency's specific programmes that address various social responsibilities. Their objectives can be summarized as follows:

(a) To foster and promote awareness and understanding of human rights, conflict resolution and tolerance;

(b) To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within system-wide strategies;

(c) To improve the access of the refugee population to essential health services by implementing affordable and equitable hospitalization policies, adjusting the imbalance in financial allocations among field locations and achieving cost efficiency gains through the rationalization of referral practices;

(d) To improve environmental health conditions in refugee camps;

(e) To improve the general social well-being of the refuge population by providing, in addition to the above, various welfare services, such as psychological counselling and sports activities.

2. Risk management

27. The Agency has a broad spectrum of risks associated with its existence and operations. These risks fall mainly in the broad categories of operational, environmental and financial risks. The management of risks is aimed at reducing the Agency's exposure to various forms of loss and, more critically, its failure to deliver services to the Palestine refugees in the areas of education, health, and relief and social services.

28. *Operational risk* refers mainly to the exposure to the risk of failing to deliver the services for which, according to its mandate, the Agency exists. This risk is managed through proper planning, control and performance reviews and evaluations in the Agency's main areas of operation (education, health, and relief and social services).

29. *Environmental risk* is the inherent risk associated with the volatile nature of the environment within which the Agency operates. This risk is managed through recognition of the potential danger and political and security concerns posed by the conflicts in the greater Middle East, particularly in the areas where the Agency operates: Jordan, the Syrian Arab Republic, Lebanon, the West Bank and the Gaza Strip. The security alerts are set at the appropriate levels and all risk-mitigating elements installed and monitored on an ongoing basis.

30. *Financial risk.* The Agency is prone to exposure to various forms of financial risk, the biggest of which is the risk of failure to have enough financial resources to achieve the planned objectives and activities. The source of funding for operations to meet the objectives of the Agency and the needs of the refugees is predominantly the donor community. The uncertainty surrounding the timing and actual amounts of voluntary contributions also poses some financial risk when it comes to planning. This risk is managed in the best way possible by considering the available information and providing for inflows in the most prudent manner. Financial risk can be extended to include foreign currency risk, since a good portion of contributions are in currencies other than the Agency's reporting currency, the United States dollar.

3. Performance evaluation

31. The process of performance evaluation starts with the strategic planning framework. This framework addresses four main objectives:

(a) To achieve parity of UNRWA services with host authority and international standards;

(b) To address unmet needs and the needs of the most vulnerable refugees;

(c) To maximize the economic potential of the refugees;

(d) To build capacity within UNRWA.

These objectives represent the principal tracks along which the Agency directs its efforts to improve living conditions for the Palestine refugees and to promote their self-reliance and human development. Performance criteria are necessary to monitor the management of the Agency's health, education, and relief and social services facilities. Indicators of achievement are benchmarked to international standards and host authority services, and by reference to beneficiaries' satisfaction levels and perceptions concerning the quality of UNRWA services.

4. Disaster recovery plan

32. The disaster recovery plan is meant to describe how the Agency is to deal with potential disaster, which is an unforeseen event that makes the continuation of normal functions impossible. The recovery plan is required to include a set of precautions so that the effects of a disaster will be minimized and the Agency will be able to either maintain or quickly resume mission-critical functions. The Agency's disaster recovery plan is at the finalization stage, as all the preliminary planning and logistics have been put in place and addressed.

5. Internal control

33. The Agency has a system of internal controls that are meant to safeguard assets, ensure adherence to management policies and procedures and prevent fraud. This is achieved through the Audit and Inspections Committee, which reviews and approves audit plans of the Internal Audit Department which are formulated after risk analysis in various operational areas. In addition, there is a developed fraud prevention plan in place which enhances fraud awareness and prevention. To enhance transparency and control, and to ensure that no single individual has the final say in decisions, most high-level managerial responsibilities and decisions are administered by committees. These are the Human Resources Committee, the Headquarters Contract Committee, which deals with procurement and the awarding of contracts, and the Property Survey Board, which deals with decisions on the disposal of asset. The Agency has established detailed instructions and procedures to ensure effective financial administration and the exercise of economy.

34. The Agency maintains a system of internal controls which provide for an effective examination or review of financial transactions in order to ensure the regularity of receipt, custody and disposal of the resources of the Agency, ensure the conformity of expenditure with the provisions of the financial regulations and detect any uneconomic use of the Agency's resources. There are also organizational directives to guide the day-to-day running of the Agency and ensure adherence to internal controls.

G. Financial results for the biennium

35. The Agency's total excess of income over expenditure, before adjustments, for the biennium is broken down as follows:

(a) Regular budget mainstream cash amounted to $2.37 million;

(b) The in-kind portion amounted to a deficit of $1.41 million;

(c) Non-regular budget funds amounted to a deficit of $30.77 million;

(d) The Microfinance and Microenterprise Department results amounted to a deficit of $1.36 million.

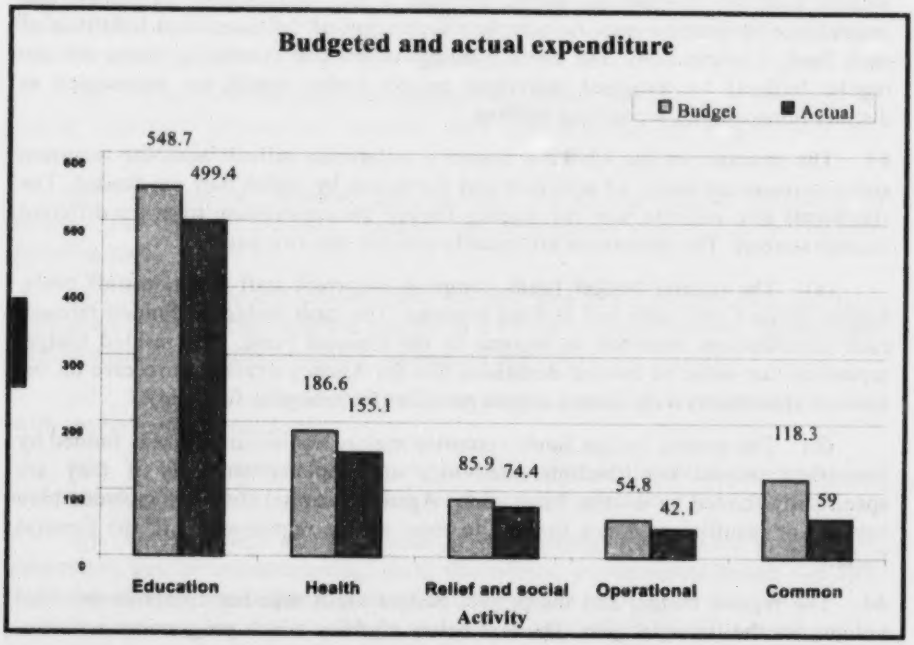
36. The above amounts are shown in statement 1, which also shows the balances of the Agency's working capital and other funds. The balances for the other funds are earmarked for specific purposes. The working capital under the Agency's regular budget fund is not a statutory operating reserve but is the difference between assets and liabilities of the fund. The working capital account is used for three specific purposes: (a) to meet temporary shortfalls in cash flow; (b) to finance unforeseen needs; and (c) in the event of a curtailment of the Agency's activities, to meet any extraordinary liquidating liabilities.

37. Included in the working capital balance is $22.97 million of accrued contribution income.

38. For efficient cash flow management, the Agency centrally manages all cash received for both the regular and non-regular budget funds. Statement 3 depicts the changes in the Agency's financial position and reflects the consolidated cash balance of $212.05 million at the end of the biennium.

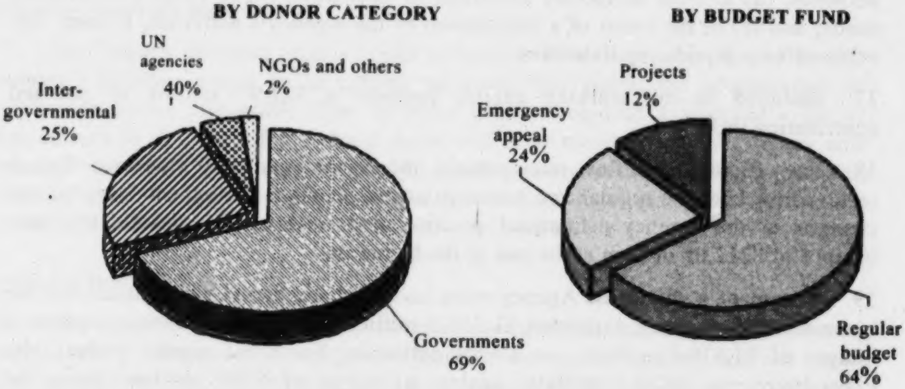
39. Statement 4 shows the Agency-wide budgeted and actual expenditures for the biennium. The Agency expended $1,308.2 million during the biennium, against a budget of $1,819.6 million, on all its activities. From the regular budget, the expenditure was $829.2 million, against a budget of $994 million. From the non-regular budget, the expenditure was $470.2 million, against a budget of $815.2 million.

40. A graphical comparison of the regular budget actual and budgeted expenditure is shown below.



Sources of funding

41. UNRWA does not have a system of assessed contributions, as its budget is funded almost entirely by voluntary contributions in cash and in kind from Governments, intergovernmental organizations and non-governmental bodies. The distribution of sources of funding by donor category and budget fund is shown below:



H. Agency-wide structure of accounts

42. The Agency operates a system of fund accounting by which it maintains separate accounts for the regular budget and non-regular budget funds. The Agency's system of fund accounting provides a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund. Contributions and corresponding allocations (including those for the regular budget) are assigned individual project codes, which are maintained as distinct financial and accounting entities.

43. The structure of the UNRWA financial statements reflects both the recurrent and non-recurrent nature of activities and the means by which they are funded. The statements also indicate how the Agency funded the expenditure from the different income sources. The statements are broadly divided into two parts:

(a) The regular budget funds comprise recurrent staff and non-staff costs, further divided into cash and in-kind portions. The cash budget is funded through cash contributions recorded as income to the General Fund. The in-kind budget represents the value of in-kind donations that the Agency expects to receive on the basis of agreements with donors or past practice (for example, food aid).

(b) The project budget funds comprise mainly non-recurrent costs funded by earmarked project contributions. Activities are implemented only if they are specifically funded by donors. Most of the Agency's capital costs are included here because of insufficient donor funding to meet all the requirements of the General Fund.

44. The regular budget and the project budget funds together comprise the total volume for the financial year. The text below clarifies which programme activities fall under the General Fund and which fall under the project fund component.

I. UNRWA activities

45. UNRWA provides education, health, and relief and social services to some 4.3 million Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. The headquarters of the Agency are located in Gaza and Amman. Throughout its 56 years of humanitarian and human development service in the area, the Agency has demonstrated a capacity to adapt and enhance its programmes as required to cope with developments in the region and stands ready to continue doing so in accordance with the mandate it receives from the General Assembly.

46. A number of challenges for the work of UNRWA have arisen since the outbreak of strife in the occupied Palestinian territory in September 2000. The continuing strife, severely deteriorating economic conditions for the refugees and the restrictions on the flow of goods, services and labour have greatly increased demands on UNRWA humanitarian operations in the Gaza Strip and the West Bank.

J. Education programme

47. The goal of the education programme is to provide Palestine refugee children and youth with learning opportunities to acquire knowledge, life skills, experience and values in partnership with host authorities, local communities and other United Nations agencies within the context of a multicultural society, with special regard to gender equity, human rights, tolerance, conflict resolution and the Convention on the Rights of the Child. The objectives of the Education department are as follows:

(a) To provide and improve access to quality education and learning opportunities, in line with host authorities' education systems, for Palestine refugee children and youth, at the basic level. The Agency also provides secondary-level education in the Lebanon field location;

(b) To provide, improve and optimize vocational and technical education for young Palestine refugees to enhance their opportunities for employment and economic independence;

(c) To provide, improve and optimize pre-service teacher education to increase the pool of qualified teachers for prospective recruitment as UNRWA teaching staff;

(d) To enhance capacity-building for technical and administrative education staff at all levels, in line with the School as a Focus for Development, management development and quality assurance framework approach;

(e) To ensure equity and equality of access to quality learning for children with special educational needs;

(f) To foster and promote among teaching staff and students awareness and understanding of human rights, conflict resolution and tolerance;

(g) To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within system-wide strategies.

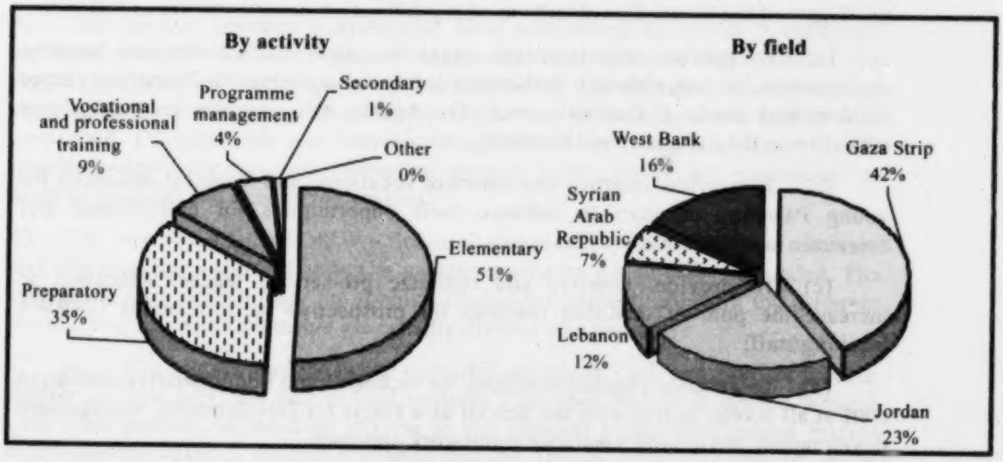
K. Results of the education programme

48. During the biennium, 485,471 children were enrolled for the school year 2005/06 in the Agency's 663 elementary, preparatory and secondary schools (the latter in Lebanon only), which were staffed by 16,161 teachers. In addition, 299,973 refugee pupils attended other, Government and private, elementary, preparatory and secondary schools at no cost to UNRWA. During the year, vocational, technical and teacher education was provided at the Agnecy's eight training centres and three education science faculties for 6,631 students enrolled for the 2005/06 training year.

49. A total of 581 instructors taught in those training centres during the year. In-service teacher-training courses were provided by the Institute of Education at UNRWA headquarters in Amman, through the five education development centres in the UNRWA areas of operation, for 995 education staff in the 2005/06 school year. Through the UNRWA scholarship programme, which was funded entirely from earmarked donor contributions, 322 students were awarded university scholarships for the academic year 2004/05.

50. Expenditure on the education programme for the biennium 2006-2007 totalled $499.4 million, against the General Assembly-approved budget of $548.7 million. The education programme accounted for 60.2 per cent of the Agency's regular budget expenditure.

51. The distribution of education-services expenditure by activity and field is shown below:



L. Health programme

52. The goal of the health programme is to protect, preserve and promote the health of the registered Palestine refugees within the Agency's five areas of operation and to meet their basic health needs from within the available means, consistent with the humanitarian policies of the United Nations and the basic concepts, principles and strategic approaches of the World Health Organization. The objectives of the health programme are as follows:

(a) To preserve the sustainable investment achieved in women's and children's health and attain further progress in the reduction of infant, child and maternal mortality through an integrated primary health-care approach consistent with the health-related Millennium Development Goals, as well as with the standards set out in the Convention on the Rights of the Child;

(b) To address the burden of death and disability caused by the emerging epidemic of non-communicable diseases, particularly diabetes mellitus and cardiovascular diseases, while simultaneously combating major infections continuing from the twentieth century, such as tuberculosis;

(c) To improve the access of the disadvantaged and under-served refugee population to health care through the rehabilitation, upgrading and expansion of primary health-care facilities, based on careful mapping of the services of other health-care providers.

(d) To address the increased burden of mental and psychological problems among the refugee population through the development of multidisciplinary community-based programmes focusing on prevention and targeting at-risk groups;

(e) To improve the access of the refugee population to essential hospital services by implementing affordable and equitable hospitalization policies, adjusting the imbalance in financial allocations among fields and achieving cost-efficiency gains through the rationalization of referral practices;

(f) To improve environmental health conditions in refugee camps by implementing developmental projects to upgrade the camp infrastructure of water, sewerage, drainage and solid-waste management systems and by integrating these systems within the municipal/regional schemes of the host authorities;

(g) To enhance the planning and evaluation capacity of the health-care system by improving methods of data collection and analysis and by upgrading the skills and capabilities of health personnel in the use of evidence-based information, including the use of information technology, for improved management and response;

(h) To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within system-wide strategies;

(i) To prevent breakdowns in service delivery and quality in crisis situations by responding to emerging health challenges while ensuring the sustainability of long-term intervention strategies.

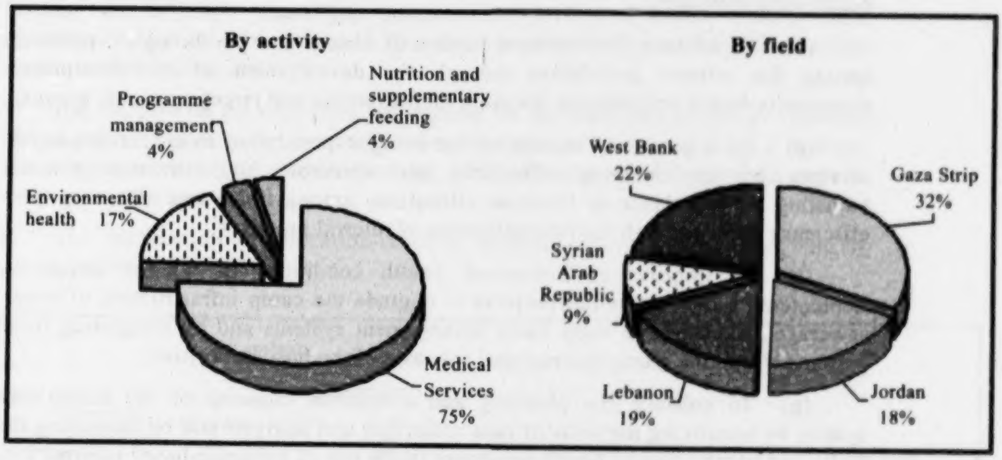
M. Results of the health programme

53. In the five areas of operation, the Agency offers Palestine refugees comprehensive primary health-care services comprising disease prevention and control and maternal and child health care, including family-planning services. These services are provided through 128 primary health-care facilities. During 2007, a total of 9,491,622 visits were made to these clinics by refugee patients for medical consultations and 737,601 for dental consultations.

54. Hospitalization assistance is provided either at contracted hospitals or through partial reimbursement of costs. UNRWA also runs a small hospital in Qalqilia in the West Bank. Under hospitalization assistance, a total of 74,081 patients were admitted to the UNRWA hospital and to contracted hospitals in 2007. Environmental health services are also part of the health programme, as is the supplementary feeding programme for pregnant women and nursing mothers.

55. Total expenditure on the health programme for the biennium 2006-2007 amounted to $155.1 million, against the General Assembly-approved budget of $186.6 million. The health programme accounted for about 18.6 per cent of the Agency's regular budget expenditure.

56. The distribution of health services expenditure by activity and location is shown below.



N. Relief and social services programme

57. The goal of the relief and social services programme is to provide the most disadvantaged Palestine refugees with humanitarian assistance and to promote the self-reliance of less advantaged members of the refugee community, especially women, the aged, children, youth and persons with disabilities. The objectives of the relief and social services programme are as follows:

(a) To alleviate poverty among the most vulnerable within the Palestine refugee community by linking short-term relief to longer-term development needs, through a needs-based approach which addresses actual needs while emphasizing equality of opportunity and the right to basic human development;

(b) To ease the immediate plight of the poorest eligible refugee families through basic subsistence support, with a gradual closing of the gap in the safety-net provisions of the host authorities and UNRWA;

(c) To promote and facilitate community-based action by community-based organizations which create social, cultural, economic or educational opportunities and provide services for women, the aged, children, youth and persons with disabilities, and their families;

(d) To promote the institutional capacity of community-based organizations through training and technical assistance to enhance refugee participation in the formulation and implementation of social services for vulnerable groups in their communities;

(e) To improve the efficiency and effectiveness of service delivery to special hardship case families through a reduction in social worker caseloads, systematic in-service training and the improvement of overall working conditions;

(f) To improve the quality of the microcredit community support programme and enhance opportunities for economic inclusion through skills training and increased access to diversified loan products;

(g) To provide shelter to families who have lost their homes or who live in sub-standard housing as a result of chronic poverty, as assessed by each field office;

(h) To assist families with small-scale emergency needs during a family-specific economic or humanitarian crisis through selective cash assistance based on actual needs;

(i) To computerize the records of 4.8 million registered refugees using new web-based information technology and create an integrated database of refugee data from all the Agency's programmes.

O. Results of the relief and social services programme

58. At the end of December 2007, 65,895 families comprising 255,907 refugees (with an average family size of 3.8 persons) were enrolled in the special hardship case programme, which concerned roughly 5.7 per cent of the total registered refugee population during the biennium. The food aid subprogramme, the quarterly safety-net support package of food/cash subsidies for special hardship case families, was covered by donations in cash and in kind from various donors, with benefits distributed according to set criteria and procedures. Selective cash assistance for those in extreme distress was continued during 2007, with a total of $341,573 being distributed during the reporting period to 1,642 special hardship case and non-special hardship case families in all field locations. Seven hundred and ninety-six members of special hardship case families were enrolled in the vocational training centres and education science faculty training administered by the Agency's Department of Education, in an effort to obtain marketable skills and break family cycles of poverty.

59. During the reporting period, shelter rehabilitation was completely financed through extra-budgetary funds, enabling the rehabilitation of a total of 1,163 shelters, using both the contractual and the self-help approach. This represented 13 per cent of the estimated need (9,000 shelters) identified by the various field offices.

60. A total of 279 social workers provided counselling and support to help families cope with difficulties related to their socio-economic situation. To enhance their role in providing quality services in an efficient and effective manner, a reduction in the social workers' caseload norm from 250 to 200 special hardship cases was approved at the end of 2005. As a result, additional social workers were hired in the Lebanon and West Bank field locations and part of the Gaza field during 2006. Efforts are

now being directed towards hiring additional social workers in both the Jordan and Syrian Arab Republic fields to ensure full implementation of the norms Agency-wide. An innovative two-year certified education programme, developed in 2004 in collaboration with the Southern Illinois University School of Social Work (Carbondale, United States of America) with the objective of enhancing the technical capabilities of relief and social services programme staff and of advancing a generalist approach to social-work practice incorporating multi-intervention strategies and systems, enabled 188 social workers and their immediate supervisors to successfully complete eight courses of the certified education programme in the Jordan, Syrian Arab Republic and West Bank field locations and partly in the Lebanon field location by winter 2006/07. The remaining groups in Gaza and Lebanon will complete training when the security situation there allows.

61. In the process of developing and implementing a poverty-based approach for the special hardship case food aid programme to replace the current status-based approach by the senior poverty adviser, an in-depth socio-economic survey of special hardship case families was conducted in all five field locations and the results were analysed. The poverty lines (absolute and abject) in all field locations were reviewed and defined, income thresholds and eligibility criteria for special hardship case families were revised accordingly and new payment schemes were proposed based on the utilization of a newly developed proxy means test formula. A pilot project was finalized in 2007 in the Jordan field location which will better target the poorest of the poor among the special hardship case families.

62. The Agency's eligibility and registration staff continued the monthly updating of information contained in the field registration system database on 4.5 million refugees and continued to maintain the field social study system database, which tracks the socio-economic data of the special hardship case families. Scanning of family file documents and historical registration records was begun in the five field locations (Jordan, Lebanon, the Syrian Arab Republic, the West Bank and Gaza) and approximately 7,353,865 million documents were digitally scanned and preserved during the reporting period in all the field locations. The evaluation of tenders for the development of software for the refugee registration information system and implementation of the document management system to preserve the estimated more than 16 million scanned documents has been completed and a contract for the development of the refugee registration information system to replace the current field registration, field social study and URS systems was awarded to Estarta, Jordan, a local and international software development company. This contract was signed in April 2006. Working with the UNRWA team, the company attained several milestones in the development of the software, notably the prototype which was signed off in December 2006 with the approved functionality for registration and special hardship cases. The next stages will be the acquisition of hardware, the building of infrastructure and the development of pilot subsystems.

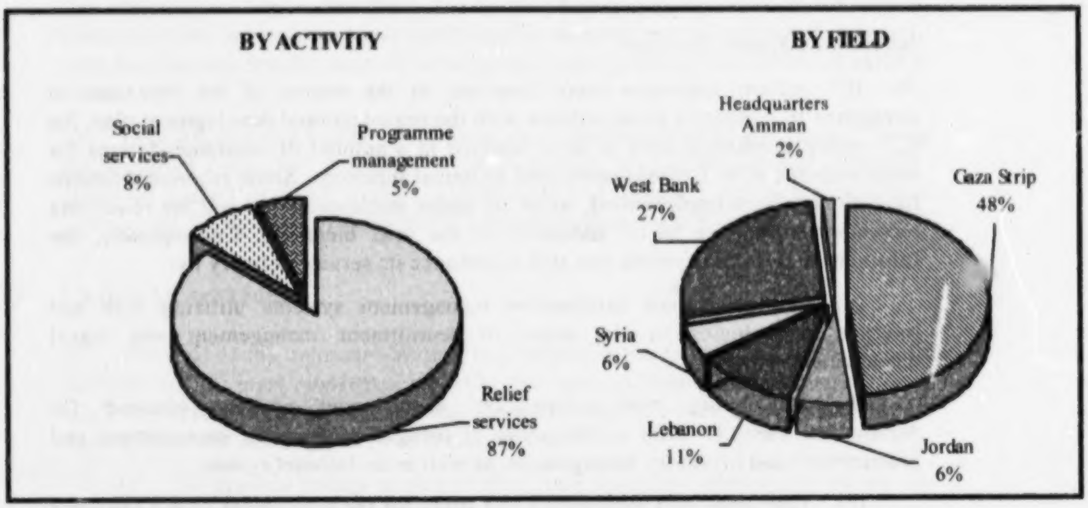
63. Through a network of 105 UNRWA-affiliated community-based organizations, the social services programme continued to provide Palestine refugees with access to opportunities to address their priority socio-economic needs through various activities, including awareness-raising, skills training and the provision of credit. During the reporting period, a total of 62,952 women, children and youth, and 30,802 persons with disabilities benefited from these activities. In addition, those community-based organizations, administered by refugee volunteers, successfully

managed 125 income-generating projects, which yielded 377 job opportunities and enhanced the financial sustainability of the community-based organizations.

64. The microcredit community support programme built on existing relief and social services programmes by targeting women and members of special hardship case families and by enhancing the capacity of community-based organizations to provide credit opportunities. During the reporting period, 924 jobs were created under the programme through various credit schemes, which contributed to improving the living standards of refugees and their families. A total of 3,256 women and their families benefited from indirect lending schemes administered through community-based organizations.

65. Total expenditure on the relief and social services programme during the biennium ended 31 December 2007 amounted to $74.4 million, against the General Assembly-approved budget of $85.9 million. Relief and social services expenditure represented 9 per cent of the Agency's regular budget expenditure.

66. The figure below reflects the distribution of relief and social services expenditure by activity and field.



P. Administrative Support Department

67. The goal of the Administrative Support Department is to support the Agency's programmes and mandate through the provision of timely, effective and integrated support services in the areas of information and communication technology (ICT), procurement and logistics, security and general administrative services.

68. The Administrative Support Department's end of biennium results are as follows.

Procurement and Logistics Division

69. In the Procurement and Logistics Division:

(a) A revision of the catalogue items was conducted and the inventory items were reduced;

(b) Professional training courses were delivered according to the training plan. For their own development and in the interest of the implementation of professional, effective and up-to-date procurement practices, 26 Procurement and Logistics Division staff are currently studying at the Chartered Institute of Purchasing and Supply;

(c) The implementation of the new procurement inventory management system is in its final stages, with Agency-wide user training under way and implementation scheduled for June 2008;

(d) Buyers' code of conduct and ethics policies are being implemented, resulting in improved control and greater transparency.

Information System Division

70. ICT reform initiatives were launched in the course of the biennium to strengthen ICT capacity in accordance with the organizational development plan. An ICT review conducted early in 2007 resulted in a number of recommendations for improvements in ICT management and technical functions. Some recommendations have already been implemented, some are under implementation and the remaining recommendations are to be addressed in the next biennium. Consequently, the Information System Division was able to enhance its service delivery by:

(a) Deploying new information management systems utilizing web and Internet technologies in the areas of recruitment management and travel management;

(b) Developing new information management systems planned for deployment early in 2008 in the areas of refugee registration management and procurement and inventory management, as well as an Intranet system;

(c) Launching and managing a gap study for the assessment of the Agency's need for a new enterprise resource planning system, to be completed in February 2008;

(d) Developing technological strategic direction and tactical plans for enhancing the Agency's ICT infrastructure wide-area network connectivity and outsourcing information system hosting services, planned for deployment early in 2008;

(e) Expanding ICT support to cover all Agency schools;

(f) Upgrading a number of infrastructure system hardware and software components, thus maximizing the reliability and availability of ICT services.

Update on disaster recovery plans as reported on in the mid-biennium financial report issued in August 2007

71. Plans for a disaster recovery ICT data centre at the Cairo office were put on hold as a result of the ICT review in 2007 and the subsequent development of the strategic direction with regard to plans to outsource the hosting services of information systems to an alternative location. Further development of the disaster recovery plan is to continue in 2008.

General services

72. The General Services Section has been part of the Administrative Support Department since January 2007, following the relocation of the Section's functions from Gaza to Amman. The main areas of focus for the reporting period have been the development and implementation of a travel management system at all headquarters and field offices.

Security

73. Similarly, the Security Section has been part of the Administrative Support Department since September 2007. The Section's principal work to date has been to commence the development and drafting of a security policy framework proposal, with the planned development of subsequent security assessments to follow early in 2008.

74. Total expenditure on the operational and technical services programme during the biennium 2006-2007 amounted to $42.1 million, against the General Assembly-approved budget of $54.8 million. Operational and technical services expenditure represented 5.1 per cent of the Agency's regular budget expenditure.

Q. Common services

75. The goal of the common services is to maintain the functioning of the Agency through sound legal support, cost-effective and efficient management, policy analysis, effective fund-raising and outreach to external interlocutors. The objectives of the common services are as follows:

(a) To provide policy advice to the Commissioner-General and ensure the smooth implementation of policy decisions and the general cohesion of Agency operations;

(b) To provide legal advice and support concerning matters of international law, particularly issues involving the privileges and immunities of the Agency and its staff;

(c) To ensure Agency-wide accountability and transparency;

(d) To maintain positive and productive relationships with donors and to enhance project management throughout the project cycle;

(e) To increase awareness and support of the Agency among citizens, Governments and non-governmental organizations of donor and host nations, as well as the refugee population and Agency staff;

(f) To provide programme and policy analysis that allows the Agency to respond to changing operational, political and social circumstances;

(g) To liaise and strengthen cooperation with other United Nations agencies and participate in intergovernmental forums;

(h) To maintain and improve the human resources services provided to international and area staff members;

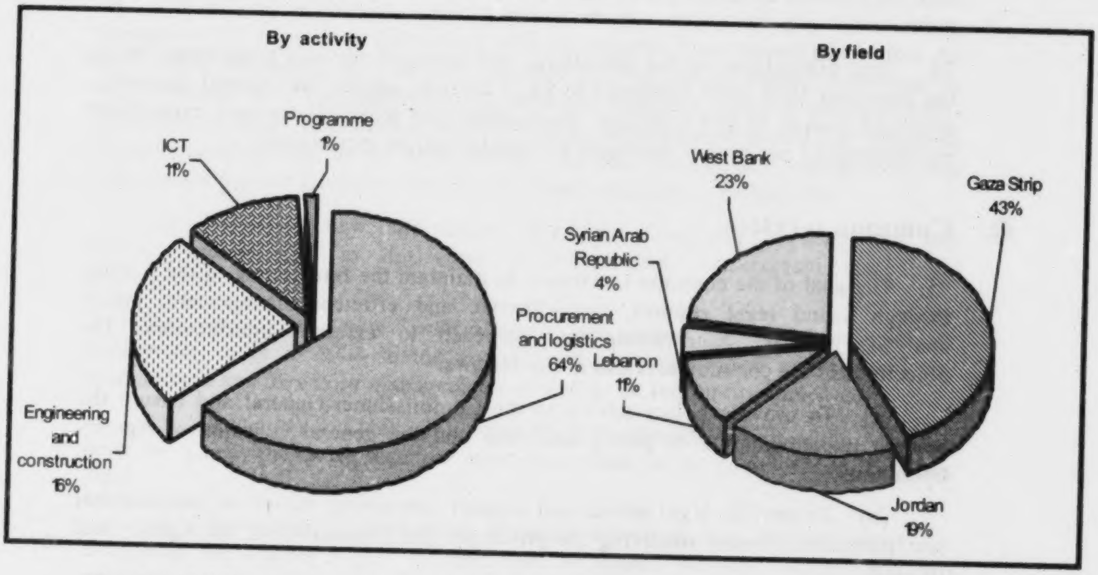
(i) To manage the Agency's financial resources effectively.

R. Results of the common services

76. As part of management reform efforts aimed at improving the Agency's overall efficiency, recently implemented payroll and financial management systems were further enhanced during the year to meet the operational needs of the Agency.

77. Expenditure during the biennium for common services amounted to $58.2 million, against the General Assembly-approved budget of $118.2 million, representing 7 per cent of the Agency's regular budget expenditure.

78. The figure below shows the distribution of operational, technical and common services expenditure by activity and field location.



79. In addition to the ongoing services described above, during the biennium 2004-2005, UNRWA implemented the following special programmes to improve the living conditions of Palestine refugees, with earmarked funding from donors.

S. Emergency appeals

80. Following the outbreak of strife in the occupied Palestinian territory in September 2000, UNRWA launched a series of emergency appeals for donor support

for the provision of emergency assistance to more than 1.3 million refugees to alleviate the humanitarian distress created as a result of the crisis in the Gaza Strip and the West Bank. The successive emergency appeals were aimed at providing employment opportunities, at providing cash and in-kind assistance for the poorest refugee families, and at the reconstruction and repair of infrastructure and refugee shelters damaged as a result of military action. During the biennium ended 31 December 2007, the Agency continued its programme of emergency assistance, focusing on food aid, emergency employment creation, shelter repair and rebuilding, cash assistance, health and education.

81. The total value of the emergency appeals for the biennium 2006-2007 amounted to $293.1 million ($173.1 million for 2006 and $120 million for 2007). The total value of emergency appeals since their inception in 2000 stands at $1,391.1 million.

T. Post-1999 projects

82. The projects budget comprises mainly non-recurrent infrastructure costs that are to be funded by non-core budget contributions, including those relating to the expansion, replacement and maintenance of UNRWA facilities in order to meet the increasing demand for Agency services (particularly in the field of education), and the improvement of housing and environmental health conditions in refugee camps. By treating projects as integral to the biennium budget, the Agency provides a comprehensive estimate of its financial requirements to carry out its mandate over the biennium and directly links project-funded activities with those programme activities funded under the regular budget. Total pledges of $145.9 million were made towards projects during the biennium 2006-2007 of which $111.4 million was received. Additionally, $10.4 million was received during the year against prior pledges. The total expenditure during the biennium 2006-2007 under this category was $118.7 million.

U. Other projects

83. The phasing-out of the project categories of peace implementation programme, Lebanon appeal, and capital and special projects continued during the biennium 2006-2007, resulting in minimal activities under those projects.

V. Microfinance and Microenterprise Department

84. The goal of the Microfinance and Microenterprise Department is to promote economic development and alleviate poverty. This is achieved through the provision of credit for enterprise, household consumption and housing needs that will improve the quality of life of householders, small business owners and microentrepreneurs, sustain jobs, decrease unemployment, reduce poverty, empower women and provide income-generating opportunities for Palestine refugees and other proximate poor and marginal groups. The objectives of the Microfinance and Microenterprise Department are as follows:

(a) To provide enterprise, consumer and housing credit on a scale that is large enough to have a significant and measurable impact on the lives of the poorest;

(b) To provide operationally self-sufficient and sustainable credit in a cost-effective manner by targeting financial services in poorer urban areas with a high concentration of commercial, service and industrial businesses. Areas will be selected predominantly on the basis of having a highly localized density of Palestine refugees;

(c) To develop and expand the programme by adhering to international standards of outreach and efficiency so that the programme can be benchmarked and assessed against other practitioner institutions. The programme strives to achieve the best practices of the emerging microfinance industry through its participation in local and regional microfinance networks and by adopting the standards and practices established for the industry by such institutions as the Consultative Group to Assist the Poorest, the United States Agency for International Development, the Microfinance Network, Sanabel, the Calmeadow Foundation and Acción International;

(d) To meet the emerging standards for business training and business development services, where all the direct costs of training are met from participation fees and only the overhead and administrative costs are subsidized from donor contributions.

W. Results of the Microfinance and Microenterprise Department

85. During the biennium 2006-2007, the Department maintained a portfolio of 12,668 active loans with an outstanding portfolio of $10.56 million, which were administered through its network of 15 branch offices. During this period, the Department extended its branch office network and opened an additional five branch offices in Bethlehem, Damascus and Amman.

86. During the biennium, the Department financed 32,358 loans worth $35.63 million, 34 per cent of them in the West Bank, 26 per cent in Gaza, 22 per cent in the Syrian Arab Republic and 18 per cent in Jordan. In financing terms, $14.15 million was invested in the West Bank, $9.58 million in Gaza, $7.17 million in Jordan and $4.72 million in the Syrian Arab Republic.

87. A total of 25,588 microenterprise loans worth $28.34 million were financed through the Department's microenterprise credit product, some 3,419 loans to women microentrepreneurs valued at $1.83 million were financed through the solidarity group lending product and 2,858 loans for consumption worth $2.39 million were retailed to low-income and working class families through the consumer lending product. In addition, 450 housing loans in Gaza worth $2.69 million were financed through the housing loan product and 43 loans valued at $374,600 to formal small and microenterprise businesses were financed through the small-scale enterprise product.

88. The Department's small and microenterprise training programme in Gaza provided 115 short-term enterprise- and business-related training courses to almost 2,500 participants.

X. Area Staff Provident Fund

89. The financial statements of the Area Staff Provident Fund indicate that the investments of the Fund increased to $1,077.32 million from $1,011.97 million during the year 2006.

90. The Fund's investment income for the year was $83.68 million, compared with $95.85 million for the previous year.

91. The income available to the credit of Fund participants as at 31 December 2007 amounted to $81.09 million, compared with $94.10 million for the previous year.

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the biennium ended 31 December 2007. The audit was carried out through field visits to the West Bank and the Gaza Strip, as well as a review of the financial transactions and operations at headquarters in Amman. The Board has also separately audited the financial statements of the United Nations Relief and Works Agency Area Staff Provident Fund for the year ended 31 December 2007 and a report on this has been separately issued to the Commissioner-General.

The Board issued an unqualified opinion on the financial statements of UNRWA for the period under review, as reflected in chapter III of the present report.

Coordination with internal audit

The Board coordinated with the UNRWA Department of Internal Oversight Services in the planning of the audit in order to avoid duplication of effort. In addition, the Board reviewed the internal audit coverage of the operations of UNRWA to assess the extent to which reliance could be placed on the work of the Department.

Follow-up of previous recommendations

In response to requests of the Advisory Committee on Administrative and Budgetary Questions and in line with paragraph 7 of General Assembly resolution 59/264 A, the Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and has indicated the financial periods in which such recommendations were first made.

Approximately half of the Board's recommendations have been implemented, while 41 per cent are under implementation. Two recommendations have not been implemented and one recommendation has been overtaken by events. The recommendations that are under implementation are mainly long-term in nature and would therefore take a longer time to achieve. During the biennium 2006-2007, UNRWA launched its organizational development process, which includes systematic reforms in some areas covered by the Board's recommendations. The objective of UNRWA in taking this initiative is to deal with audit recommendations as part of Agency-wide reform.

Overall financial overview

For the period under review, total income was $1.28 billion, compared with $1.02 billion for the previous biennium, an increase of 24 per cent. Total expenditure amounted to $1.31 billion, compared with $0.99 billion for the previous biennium, an increase of 32 per cent. This resulted in a net deficit for the biennium (after adjustments of $21.2 million) of $52.4 million, compared with an excess of $57.2 million (after adjustments of $19.9 million) in the preceding biennium.

Statement of income and expenditure

Income

Contributions from all sources (Governments, intergovernmental organizations, United Nations agencies and non-governmental organizations) recorded increases in the biennium 2006-2007. Furthermore, exchange gains (based on the United Nations operational rate of exchange methodology) of $11.9 million reflected a large improvement compared with exchange losses of $18.6 million in the previous biennium.

Statement of assets, liabilities, and reserve and fund balances

Accounts receivable

Included in the accounts receivable balance of $44 million was an amount of $0.5 million which related to receivables due to UNRWA from the Palestinian National Authority. These receivables were originally raised during the period from 1990 to 1994 and, because of their age, recovery is now considered doubtful, but no provision for doubtful debt was raised.

Land and buildings

UNRWA changed its accounting policy with regard to the treatment of expenditure incurred for the acquisition of land and buildings. Land and buildings were previously expensed (i.e. not recorded on the balance sheet). The change in accounting policy resulted in land and buildings being capitalized and recorded on the face of the assets and liabilities statement. As disclosed in the financial statements, this change in accounting policy was only applied to land and buildings acquired after 2002.

Reserves and fund balances

The working capital reserve for the period under review amounted to $40 million (2004-2005: $38 million), while the fund balance reserve amounted to $74 million (2004-2005: $129 million). During the period under review, UNRWA changed its accounting policy to capitalize its land and buildings. As a result of this change, a revaluation capital surplus reserve amounting to $60 million was created and as a result of the retrospective adjustment due to this change in accounting policy a comparative amount of $45 million is disclosed. The capital reserve for project-financed buildings for the period under review amounted to $26 million (2004-2005: $22 million).

Also included in the financial statements are accumulated losses relating to the microfinance and microenterprise programme amounting to $2.5 million (2004-2005: $3.6 million) and a capital reserve of $21.3 million (2004-2005: $19 million).

Microfinance and microenterprise programme

The Microfinance and Microenterprise Department is a small programme within UNRWA which provides credit facilities to microentrepreneurs. The Department's activities and balances for 2006 and 2007 have been included in the Agency's financial statements for the biennium. In addition, this entity prepares its own separate set of annual financial statements, on which the Board performs a separate audit. The Board audited the 2006 annual financial statements and issued an unqualified audit opinion. The Board has still to perform the audit for 2007 on the Department's separate financial statements.

In the 2006 audit of the Microfinance and Microenterprise Department, the following issues were identified:

(a) The Microfinance and Microenterprise Department had a write-off policy which was inconsistent with the level of credit risk;

(b) The Microfinance and Microenterprise Department's financial operations manual needed revision to ensure it was in compliance with international financial reporting standards;

(c) The Microfinance and Microenterprise Department had not conducted an analysis and forecast pertaining to its operating losses.

End-of-service liabilities, including after-service health insurance

UNRWA did not disclose or provide for after-service health insurance liabilities for its international staff. According to UNRWA and the United Nations, those liabilities are supposed to be borne by the United Nations Secretariat and disclosed in the main financial statements of the United Nations (Vol. I), but they were not disclosed there, so no liability was recorded for after-service health insurance. UNRWA, however, accrued a total of $22.8 million relating to end-of-service liabilities for area staff leave encashment, as at 31 December 2007. Furthermore, UNRWA disclosed in the notes to the financial statements $1.8 million for repatriation grants and $1.4 million for leave pay encashment for international staff. UNRWA also disclosed in the notes to the financial statements termination liabilities amounting to $206.3 million (2004-2005: $168.07 million), which is an estimate of total separation costs relating to all area staff.

Progress towards the implementation of International Public Sector Accounting Standards

The UNRWA plan for the implementation of the International Public Sector Accounting Standards (IPSAS) had not been approved. Furthermore, the plan did not include the detailed milestones to be reached, did not identify certain role players and did not have formal mechanisms for reporting to stakeholders. The Board is concerned about this slow pace of progress, in the light of the imminent implementation of IPSAS, in 2010.

Procurement and contract management

The Board's audit revealed shortcomings in the areas of excessive lead times between requisitioning and issuing purchase orders; gaps in rules for the assessment of suppliers before their inclusion on the approved supplier list; insufficient evidence of investigation before supplier registration; missing documentation in supplier files; outdated supplier listings; and the lack of reconciliation between the ledger (Kardex) and inventory (Reality) systems at the West Bank field office.

Asset management

UNRWA did not maintain a consolidated asset register to record and monitor the existence and completeness of assets. Each field office maintained separate fixed asset registers.

Expendable property

UNRWA has significant quantities of expendable property. However, there has been no disclosure of such assets in the financial statements, although system enhancements are being made to address this issue.

Human resources management

The Board has made several recommendations in respect of human resources management in its previous reports. These recommendations continue to be addressed by UNRWA as part of its organizational development process. Arising from the Board's current review of human resources management practices, the Board noted that:

(a) The Gaza and West Bank field offices had no human resources plans in place;

(b) As previously reported, UNRWA had not developed and implemented a succession plan;

(c) Feedback provided by supervisors on performance appraisals was not documented and training needs were not identified during performance appraisals;

(d) UNRWA did not compile personal development plans for all staff as part of the performance appraisal process, as previously recommended;

(e) The West Bank field office had a vacancy rate of 8.50 per cent and some of the posts were vacant for more than six months.

Information technology

In its previous reports the Board highlighted some areas for improvement. During the audit for the biennium 2006-2007, the Board noted the following shortcomings in information technology management. Several initiatives, such as the establishment of the Information Management Committee, have already been taken to address these matters.

(a) UNRWA did not have a disaster recovery plan or a business continuity plan;

(b) UNRWA had an inadequate back-up management system;

(c) The UNRWA information systems security policy was still in draft form and therefore not approved or implemented;

(d) UNRWA had no formal approved change control procedures in place for emergency changes.

Internal audit function

For the biennium 2006-2007, the Department of Internal Oversight Services completed 27 out of the 50 planned audit assignments. A further five (10 per cent) of the audits were at the reporting stage, two (4 per cent) were in the fieldwork phase and 16 (32 per cent) had not been started. There is thus a need for the Department to enhance its coverage of UNRWA activities.

During the biennium, the Department of Internal Oversight Services had not performed any audit activity on the UNRWA area staff provident fund's business operations.

In September 2007, a quality assurance peer review was conducted by the Institute of Internal Auditors (IIA) on the Department of Internal Oversight Services, in keeping with the best practice and in compliance with IIA standards. The quality assurance review concluded that the Department "partially conformed" to IIA standards and highlighted various matters for consideration by management and the Department.

Internal audit findings

The Board's review of the Department of Internal Oversight Services reports highlighted several significant matters which are discussed in the relevant sections of the present report.

Programme and project management

The Board noted the following shortcomings in programme and project management:

(a) A formal approach, by way of policies/directives/guidelines, to implementing and sustaining project and programme management was not in place for all UNRWA projects.

(b) Project plans, interim reporting and final reporting were only undertaken for donor-funded projects. Training to provide competencies required to manage projects was not in place.

(c) The project procedure manual was last updated in 2003 and required updating again to bring it into line with best practice, international standards and the additional procedures implemented at the field office level.

(d) UNRWA headquarters provided limited support to field offices with regard to project management. This was illustrated by the lack of an approved project management strategy, implemented Agency-wide, indicating the headquarters support to be provided to field offices.

Write-offs and disposals

UNRWA reported the following write-offs:

(a) $5.8 million for outstanding pledges written off against working capital;

(b) $0.25 million in outstanding receivables.

Ex gratia payments

UNRWA reported an ex gratia payment of $2,628 for an accident between its bus and a vehicle of the United Nations Interim Forces in Lebanon.

Cases of fraud and presumptive fraud

UNRWA reported two cases of fraud and presumptive fraud to the Board for the financial period ended 31 December 2007.

Recommendations

The Board has made several recommendations based on its audit. The main recommendations are set out in paragraph 10 of the present report. The response of UNRWA to the Board's observations and recommendations is reflected in the body of the report.

A. Introduction

1. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the biennium ended 31 December 2007 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNRWA as at 31 December 2007 and the results of its operations and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations of the United Nations. The audit also included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. The Board also issued a separate unqualified audit opinion on the financial statements of the UNRWA Area Staff Provident Fund, which were prepared in terms of the International Financial Reporting Standards for the year ended 31 December 2007.

4. The Board also performs an annual audit of the Microfinance and Microenterprise Department. The Board issued an unqualified opinion on the results

of its 2006 audit. The separate audit for the year 2007 is still to be performed and a separate report will be issued. The 2006 audit was conducted in coordination with the UNRWA Department of Internal Oversight Services. In its audit, the Department of Internal Oversight Services noted the following:

(a) The Microfinance and Microenterprise Department applied a consistent write-off policy for loans in field offices in Gaza, the West Bank, the Syrian Arab Republic and Jordan. These field offices had varying economic, social and political situations which might have an effect on credit default risk levels. The Microfinance and Microenterprise Department had not made a study to determine the appropriate write-off assumptions that could be applied to the loans of each field office.

(b) The Microfinance and Microenterprise Department accounted for recoveries with regard to amounts previously written off as revenue, which was not in compliance with the requirement of the International Financial Reporting Standards that the recoveries should be disclosed as sub-accounts, after operating income but before expenses.

(c) The Microfinance and Microenterprise Department incurred losses of $1.9 million in 2006 and had an accumulated loss of $6.6 million as at 31 December 2006. In the light of those losses, the Department had not performed forecasts and comparisons with other microfinancing entities operating in similar environments, to assist in determining its ongoing viability. The Department continued to report losses in 2007, amounting to $2.5 million.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the operations under United Nations financial regulation 7.5, which states that the Board may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the operations. The General Assembly had also requested the Board to follow up on previous recommendations and to report to it accordingly. Those matters are addressed in paragraphs 12 to 18 below.

6. The Board continued to report the results of audits to the Administration in the form of management letters containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the Administration. Two such management letters were issued covering the period under review.

7. Where observations in the present report refer to specific locations, such observations are limited to the locations specified. They do not in any way imply that they are applicable to other locations nor do they imply that issues to which they refer do not also exist at other locations.

8. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, whose views have been appropriately reflected in the present report.

2. Coordination with internal audit

9. In planning its audits, the Board continued to coordinate with the UNRWA Department of Internal Oversight Services in order to avoid duplication of efforts and to determine the extent of reliance that could be placed on the Department's

work. In this regard, the separate audit of the Microfinance and Microenterprise Department, referred to above, was performed, under the supervision of the Department of Internal Oversight Services, by an external auditor, to whom it was outsourced. The Board welcomes the audit reports finalized by the Department of Internal Oversight Services, but has expressed its concern about the incomplete execution of its audit plans.

3. Main recommendations

10. The Board's main recommendations are that UNRWA:

(a) **Consult with donors with a view to reprogramming resources reflected in balances for unliquidated obligations (para. 27);**

(b) **Account for all its land and buildings in its financial statements (para. 37);**

(c) **In coordination with the United Nations, ensure that its liabilities in respect of after-service health insurance are determined and accurately recorded (para. 46);**

(d) **Update its IPSAS implementation plan, ensure that it is approved and include in it all role players and a mechanism for reporting to them (para. 51);**

(e) **Adhere to the lead-time guidelines for the various stages of the procurement process (para. 70);**

(f) **Maintain an asset register that includes all non-expendable property, including land and buildings, that reflects cost, description, asset number and date of acquisition to ensure accountability for this property (para. 74);**

(g) **Consider disclosing in the financial statements the value of unused expendable property at the end of the financial period in order to improve transparency, accountability and financial reporting, and in preparation for implementation of IPSAS (para. 80);**

(h) **Develop human resources plans for its field offices (para. 85);**

(i) **Develop a comprehensive disaster recovery and business continuity plan and communicate it to all personnel (para. 107);**

(j) **In conjunction with the Department of Internal Oversight Services, include the Area Staff Provident Fund in its audit workplan (para. 137 (b)).**

11. The Board's other recommendations appear in paragraphs 32, 55, 59, 63, 67, 88, 92, 93, 98, 101, 112, 116, 121, 125, 128, 131, 137 (a), 143, 158, 162, 165 and 169. These recommendations do not address sanctions or disciplinary steps which the Administration may wish to impose on defaulting officials for consistent failure to ensure compliance with the Financial Regulations and Rules of the United Nations and the Financial Regulations of UNRWA, administrative instructions and other related directives.

B. Detailed findings and recommendations

1. Follow-up of previous recommendations

12. In accordance with section A, paragraph 7 of General Assembly resolution 51/225, the Board reviewed the actions taken by UNRWA to implement the recommendations contained in the Board's report for the biennium ended 31 December 2005. ACABQ, in its report (A/62/355) on implementation of the recommendations of the Board relating to the biennium 2004-2005, encouraged UNRWA to continue efforts to expedite implementation of the Board's recommendations. ACABQ made that comment in the context of the relatively slow implementation by UNRWA of the Board's recommendations, which ACABQ had noted from the Board's report on the implementation of its recommendations (A/62/120).

13. UNRWA has developed an organizational development process, entitled "Serving Palestine refugees more effectively — strengthening the management capacity of UNRWA", which was approved in September 2006 and launched on 1 January 2007. The plan sets out strategic and interdependent initiatives based on four levers of change identified at UNRWA, namely programme management, human resources management, organizational processes and systems, and leadership and management.

14. UNRWA views its organizational development process as a significant tool in addressing the Board's recommendations relating to the biennium 2004-2005 and to the current biennium.

15. Of the total of 34 recommendations made, 17 (50 per cent) were fully implemented, while 14 (41 per cent) were partially implemented. Two recommendations (6 per cent) were not implemented and one (3 per cent) was overtaken by events. These recommendations are shown in the annex.

Recommendations partially implemented

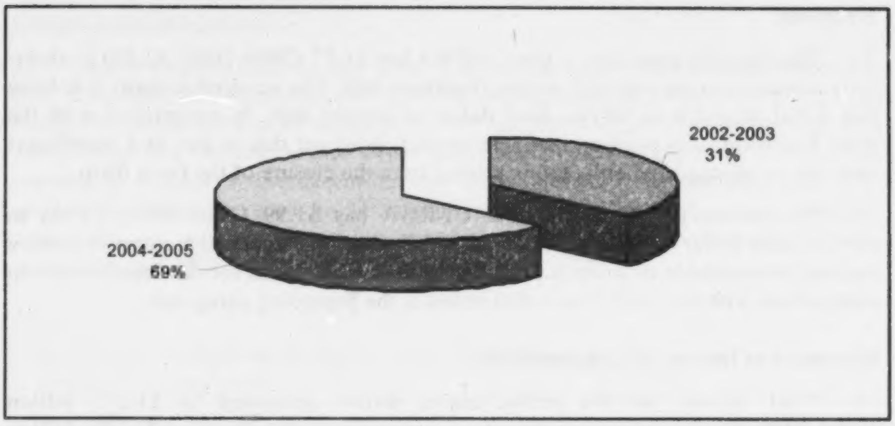
16. Based on the responses provided by UNRWA, most of the recommendations that were partially implemented were due to be addressed by the organizational development plan. This plan was under implementation and was due to be completed in 2008. In particular, recommendations relating to results-based management and human resources were to be addressed by that plan, while observations relating to information technology were to be addressed in the updated enterprise resource planning system, which was under development. The Board is concerned at the high proportion of recommendations not yet fully implemented.

Ageing of previous recommendations

17. The Board also evaluated the ageing of its recommendations relating to the previous biennium that were partially or not yet implemented, as requested by ACABQ (A/59/736, para. 8). The financial periods in which such recommendations were first made are indicated in the annex.

18. Of the 16 recommendations not fully implemented, 11 (69 per cent) related to the biennium 2004-2005 and five (31 per cent) were first raised in relation to the biennium 2002-2003, as depicted in figure 1 below.

Figure 1
Ageing of partially implemented and unimplemented recommendations relating to the previous bienniums



2. Overall financial overview

Key financial ratios

Table 1
Ratios of key financial indicators

Ratio	*Biennium ended 30 December*			*Component of 2007 ratio*[a]
	2003	*2005*	*2007*	
Assessed contribution outstanding/total assets[b]	0.23	0.23	0.2	87/447
Cash/total assets[c]	0.64	0.63	0.47	212/447
Current assets/liabilities (liquidity ratio)[d]	2.48	2.88	1.57	355/225
Cash/liability[e]	1.58	1.82	0.94	212/225
Assets/liabilities[f]	2.48	2.88	1.99	447/225
Unliquidated obligations/total liabilities[g]	0.66	0.54	0.58	130/225

[a] In millions of United States dollars.
[b] A low indicator depicts a healthy financial position.
[c] A high indicator depicts a healthy financial position.
[d] A favourable indicator is a ratio above 1.
[e] A low indicator is a reflection that insufficient cash is available to settle debts.
[f] A high indicator is a reflection of sufficient assets to cover all liabilities.
[g] A low indicator is a positive reflection that obligations are being liquidated.

19. Table 1 contains key financial ratios extracted from the financial statements. The outstanding contributions ratio has improved compared with the previous biennium, reflecting improved collection strategies. The cash to total assets ratio has deteriorated compared with that in the previous biennium, indicating that only 47 per cent of total assets are in cash readily available to meet the immediate debts of the Agency. The cash to liability ratio has also deteriorated compared with the previous biennium, indicating that for every dollar of debt, the Agency only has

94 cents of liquid assets to settle such debts as they fall due. However, the solvency ratio (assets/liabilities) indicates that the Agency is in a healthy financial position even though this ratio deteriorated compared with the previous bienniums. The unliquidated obligations ratio has deteriorated compared with the previous biennium.

20. The liquidity ratio shows that UNRWA has $1.57 (2004-2005: $2.88) in short-term resources to service each dollar of current debt. The acceptable norm is to have one dollar available to service each dollar of current debt. In comparison with the prior biennium, this position has deteriorated; however this is due to a significant increase in unliquidated obligations arising from the closure of the Gaza Strip.

21. The solvency ratio shows that UNRWA has $1.99 (2004-2005: $3.56) to service each dollar of long-term debt as it falls due. The acceptable norm is to have two dollars available to cover each dollar of debt. The reason for the deterioration in comparison with the prior year is that noted in the preceding paragraph.

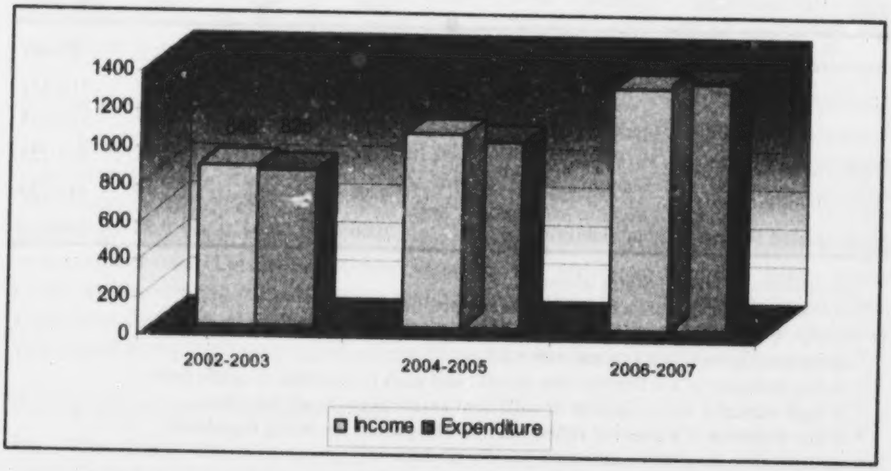
3. Statement of income and expenditure

22. Total income for the period under review amounted to $1.277 billion (2004-2005: $1.025 billion), while total expenditure amounted to $1.308 billion (2004-2005: $0.987 billion), resulting in a deficit of $31 million. Comparative income and expenditure for the current and previous two bienniums are shown in figure 2.

Figure 2

Comparative income and expenditure

(in billions of United States dollars)



23. The financial performance of UNRWA indicates that UNRWA incurred a deficit of $31 million in the current biennium (in 2004-2005, a $37 million surplus). However, the Board noted that only 4 per cent of total expenditure was administrative; most of the expenditure was on programme-related activities. Project spending increased by 125 per cent and emergency appeal spending by 60 per cent, owing to the prevailing programme requirements.

24. The increase in expenditure of approximately $320 million during 2006-2007 compared with 2004-2005 (32 per cent) was attributable mainly to contributions from donors increasing by 20 per cent.

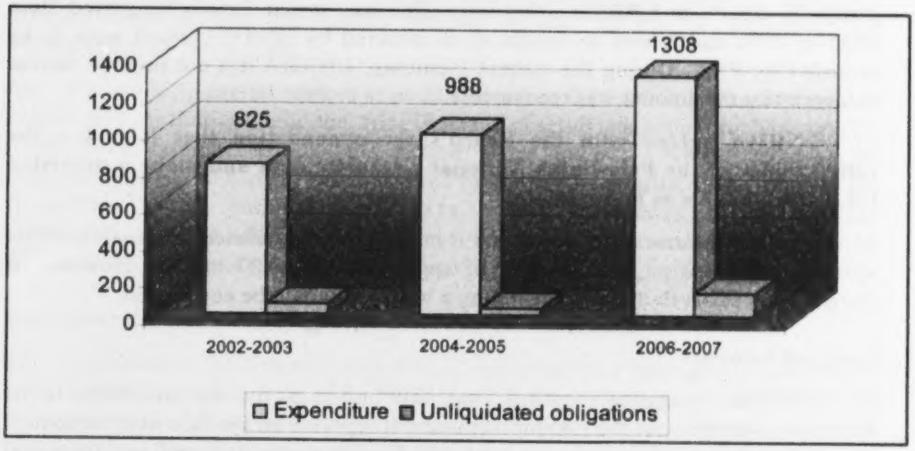
Unliquidated obligations

25. Unliquidated obligations (the reserve for unliquidated budget commitments) as at 31 December 2007 amounted to $130 million, representing 10 per cent of the total biennial expenditure and an increase of $78 million (148 per cent) compared with 2004-2005. This increase is due to the protracted closure of the Gaza Strip, which resulted in a delay in the execution and completion of some contracts and other obligations which were to be liquidated in 2007. Figure 3 shows unliquidated obligations as against total expenditure for the financial periods 2002-2003, 2004-2005 and 2006-2007.

Figure 3

Unliquidated obligations as against total expenditure

(in millions of United States dollars)



26. Resources have been committed to earmarked projects which are delayed or cannot be commenced because of external circumstances. This situation leads to scarce resources being committed to delayed projects, whereas such funds could be diverted with the consent of donors to programmes and projects in other areas, or to projects not effected by the closure of the Gaza Strip.

27. **The Board recommends that UNRWA consult with donors with a view to reprogramming resources reflected in balances for unliquidated obligations.**

28. UNRWA informed the Board that implementation of that recommendation might not be feasible as unliquidated obligations arose in respect of earmarked funding arrangements which obliged it to firmly commit funds to a specified project. UNRWA proposed discussing the long-outstanding obligations with the donors concerned, with a view to identifying a mutually acceptable solution.

4. Statement of assets, liabilities, and reserves and fund balances

Assessed contributions receivable

29. Assessed contributions outstanding as at 31 December 2007 amounted to $87 million, compared with $66 million for the preceding financial period, an increase of $21 million (32 per cent).

30. Paragraph 33 of the United Nations system accounting standards states that "the organization may make a provision for delays in the collection of the outstanding contributions". It is the policy of the United Nations not to make provision for delays in the collection of such assessed contributions, in accordance with General Assembly decisions on the matter. However, UNRWA writes off all pledges for contributions outstanding for more than two years. In the current biennium, these amounted to $5.8 million.

Accounts receivable

31. Included as part of the accounts receivable balance of $44 million is an amount of $544,074 which relates to receivables due from the Palestinian National Authority (PNA) to UNRWA. This receivable was raised during the period from 1990 to 1994 and related to freight costs incurred by UNRWA which were to be refunded by PNA. During the current biennium, UNRWA did not provide further evidence that the amount was recoverable.

32. **UNRWA agreed with the Board's recommendation that it review the collectability of the Palestinian National Authority debt and make a provision for doubtful debts as appropriate.**

33. UNRWA informed the Board that it maintained the balance for possible offset against an amount payable to PNA of approximately $0.37 million. However, if there was no offset in the next biennium, a write-off would be considered.

Land and buildings

34. UNRWA recognized/recorded land and buildings for the first time in its financial statements for the current biennium. It reported on the face of its statement of assets and liabilities an amount of $88.5 million for land and buildings and restated its corresponding comparatives with an amount of $62.4 million. UNRWA had in the past only disclosed the historical cost of its land and buildings (since the inception of the Agency), which were disclosed at $340.3 million and $302.4 million for the 2004-2005 and 2002-2003 bienniums respectively.

35. The Board is concerned that the historical cost of land and buildings now recorded on the face of the statement of assets and liabilities is understated. UNRWA explained that the land and buildings acquired before 2002 were not included in the carrying amount of $88.5 million disclosed in the statement of assets and liabilities and in the notes to the financial statements. This was because the historical cost of buildings which were acquired and expensed prior to 31 December 2001 could not be reliably determined as the value might have changed because some buildings might have been impaired, questions concerning the ownership of land and shelters needed to be resolved and old records were not always complete.

36. Consequently, the Board could not determine the total value of the Agency's land and buildings. However, UNRWA was undertaking a revaluation exercise in the

course of the next biennium in preparation for the implementation of IPSAS in 2010.

37. **UNRWA agreed with the Board's recommendation that it account for all its land and buildings in its financial statements.**

38. UNRWA informed the Board that the new treatment of land and buildings in the financial statements was in accordance with a recommendation of its Audit and Inspection Committee. The amount for the prior period represented the cumulative expenditure on land and buildings which had been expensed since the inception of the Agency. Furthermore, it planned to engage the services of an independent firm of property consultants to undertake a revaluation exercise by the end of 2008 that would help it to determine the fair value of all its land and buildings, which would be reflected under IPSAS.

5. Reserves and fund balances

39. UNRWA disclosed six types of reserves in its financial statements for the period under review, the working capital reserve, fund balances reserves, the revaluation capital reserve, the capital reserve for project-financed buildings, retained earnings and the capital reserve relating to the Microfinance and Microenterprise Department.

40. The working capital reserve as at 31 December 2007 amounted to $40 million (2005: $38 million), while the fund balance reserve amounted to $74 million (2005: $129 million). During the period under review, UNRWA changed its accounting policy to capitalize its land and buildings. As a result of this change, the revaluation capital surplus reserve was created, amounting to $60 million (2005: $45 million). The capital reserve for project-financed buildings as at 31 December 2007 amounted to $26 million (2004-2005: $22 million).

6. End-of-service liabilities and after-service health insurance

41. In relation to the financial reporting of end-of-service liabilities in accordance with General Assembly resolutions 60/255 and 61/264, the Administration changed the presentation of end-of-service liabilities this biennium from disclosure in the notes to the financial statements to presentation on the face of the financial statements.

42. The financial statements for the period under review reflected end-of-service liabilities amounting to $22.1 million, which related to area staff leave encashment balances. The area staff leave encashment liability is calculated by applying accrued leave days for each individual staff member, up to the maximum allowed under the staff rules, to the latest salary available on the payroll system.

43. The notes to the financial statements disclose an estimated value of $206.3 million for the area staff termination liability, which was determined on the basis of the liquidation of the Agency. However, this is not a current obligation of the UNRWA as there is no indication at present that the Agency will cease to operate.

44. The notes to the financial statements further state that separation costs of international staff are borne by the United Nations Secretariat and no provision for those costs is made in the Agency's financial statements. As a result, UNRWA has not disclosed the after-service health insurance liability in its financial statements,

as that liability relating to international staff should be included in the United Nations financial statements (Vol. I). However, the United Nations has informed the Board that it has, in error, omitted UNRWA from its actuarial liability calculations as at 31 December 2007. Thus the UNRWA share of the after-service health insurance liability is not disclosed in the United Nations financial statements. The United Nations has informed the Board that it assumes the after-service health insurance liability for those UNRWA staff who are on posts funded from the United Nations regular budget and has estimated that liability to be $6.6 million as at 31 December 2007. The Board has not validated that liability.

45. UNRWA disclosed in the notes to the financial statements an amount of $3.2 million for other end-of-service liabilities for international staff. Details are shown in table 2 below.

46. **The Board recommends that UNRWA, in coordination with the United Nations, ensure that its liability in respect of after-service health insurance is determined and accurately recorded.**

Table 2
Estimated end-of-service liabilities for international staff as at 31 December 2007

Category	*Amount (United States dollars)*
Provision for repatriation grant	1 800 000
Leave pay encashment	1 400 000
Total	**3 200 000**

7. Progress towards the implementation of IPSAS

47. In accordance with General Assembly resolution 61/233 and in response to the comments of ACABQ in its report (A/61/350), the Board carried out a gap analysis relating to the implementation of IPSAS as well as new or upgraded enterprise resource planning systems. ACABQ had commented on the desirability of such systems taking fully into account the detailed requirements of IPSAS.

48. UNRWA informed the Board that the enterprise resource planning system currently in use by the Agency (the Financial Management System) would be maintained in the process of implementing IPSAS. The system had a facility to accommodate full accrual accounting and the ability to cover functionalities related to fixed assets and inventory accounting. There would therefore be no need for the acquisition of a new enterprise resource planning system in order to ensure full and successful implementation of IPSAS. The system would, however, have to undergo some customization and modifications, where applicable, mainly to ensure it was able to store, process and produce IPSAS-compliant financial information and reports.

49. The Board reviewed the UNRWA plan for the implementation of IPSAS and noted that the plan did not have evidence of having been approved. Furthermore, the plan did not detail any milestones to be reached by UNRWA.

50. Even though the Agency's implementation plan identified some role players, it did not define the role and responsibilities of legal, information technology, internal audit and evaluation personnel, project staff, donors and implementing partners. Furthermore, the plan did not detail any formal mechanism for reporting to stakeholders.

51. **UNRWA agreed with the Board's recommendation that it:**

(a) **Update its IPSAS implementation plan and ensure that it is approved;**

(b) **Include all role players and a mechanism for reporting to them in its IPSAS implementation plan.**

52. UNRWA informed the Board that its IPSAS implementation plan had been cleared by the Comptroller. It would be revised in line with the Board's recommendation and would be submitted to the Commissioner-General for final approval.

8. Procurement and contract management

Registration of prospective suppliers

53. Section 3, paragraph 9B(i) of the UNRWA Manual of Supply Procedures requires the Procurement and Logistics Division and the Field Procurement and Logistics Divisions to maintain registers of approved suppliers. New suppliers are added to the registers after investigation of their suitability.

54. The Board noted that the UNRWA procurement rules and procedures gave no indication of how the suitability factors should be applied.

55. **UNRWA agreed with the Board's recommendation that it revise the criteria for the inclusion of new suppliers on its register of approved suppliers and identify in its procurement rules and procedures how those criteria should be applied.**

56. UNRWA informed the Board that it would address the recommendation by issuing clear instructions, in line with United Nations Global Marketplace practice and the United Nations Common Coding System. Those instructions would be promulgated in the procurement manual, which would be in line with United Nations guidelines. Furthermore, UNRWA stated that it was continuing to review registration information with a view to increasing the number of suppliers from developing countries and that it was aligning its new vendor registration with the United Nations Supplier Code of Conduct.

Evaluation of suppliers

57. The Board noted that at the Gaza Strip and West Bank field offices there were cases of insufficient evidence of the supplier evaluation having been performed.

58. UNRWA informed the Board, that, with regard to the cases cited at the Gaza field office, the majority of the Gaza field office's local suppliers were individuals who owned their business (sole traders) and were not required to publish or submit audit statements of their resources, unlike limited companies with shareholders. However, the Gaza field office always requested such suppliers to submit a bank

reference to the effect that the concerned supplier's account was active and in good standing.

59. **UNRWA agreed with the Board's recommendation that it maintain all relevant documentation, including supplier evaluation records, in registration files.**

60. UNRWA informed the Board that in the West Bank and Gaza field offices, its procurement staff had visited suppliers to inform them of the United Nations Global Marketplace practices and the United Nations Common Coding System coding. UNRWA informed the Board that supplier registration files had since been maintained at all field offices. Furthermore, the supplier list had been reviewed and the number of suppliers reduced from over 8,000 suppliers to approximately 1,100.

Approved supplier lists

61. The Board noted that the supplier lists at both the Gaza and West Bank field offices were not updated on a regular basis. As a result, unsuitable suppliers might be invited to tender for the provision of goods and services.

62. UNRWA informed the Board that with regard to one of the cases cited at the West Bank field office, the supplier was recorded in the West Bank field office procurement system but had never been approved as it had not provided the proper documents. Although the supplier had been included in the approved vendor list through an oversight, that company had not been invited to participate in a tender and had never been awarded any purchase order.

63. **UNRWA agreed with the Board's recommendation that it ensure that the field offices regularly update their registers of approved suppliers.**

64. UNRWA informed the Board that all supplier registration files had been completely updated as at January 2008 at the field offices and at headquarters, in the course of the establishment of the procurement and inventory management system and that a biannual requirement to update data had been included in the procurement procedures.

Reconciliation between Kardex and Reality

65. The Board visited inventory warehouses at both the Gaza Strip and West Bank field offices. Inventory movement to and from Agency warehouses was tracked through a manual stock ledger system (Kardex) and then manually captured onto a computer inventory system (Reality). While independent reconciliations between stock levels and movements were performed on a monthly basis by the Gaza field office, as recorded in the Kardex and Reality systems, no such reconciliations were performed by the West Bank field office.

66. The risk exists that information recorded in the Reality system may be incomplete, incorrect and/or outdated, and consequently inventory could be misstated.

67. **UNRWA agreed with the Board's recommendation that it review its existing manual stock record-keeping arrangements.**

68. UNRWA subsequently informed the Board that that recommendation had since been implemented through the establishment of the new procurement and inventory

management system, and the phasing out of the Kardex and Reality systems. UNRWA stated that the new procurement inventory management system was an integrated system; inventory details were captured into the system and in real time matched to the procurement process and the financial payment process. Furthermore, electronic reconciliations were continuously performed and physical verification of stock would be performed on a regular basis.

Procurement lead times

69. In the Board's report for the biennium 2004-2005, UNRWA had agreed with the Board's recommendation that it establish and strengthen controls to monitor and reduce procurement lead times. The Board noted that there were excessive lead times, ranging from 8 to 12 months, between the requisition for purchase and the capturing of purchase orders.

70. **The Board reiterates its previous recommendation that UNRWA adhere to the lead-time guidelines for the various stages of the procurement process.**

71. UNRWA informed the Board that the implementation of the procurement and inventory management system would provide specific and detailed processing times for every phase of the procurement process, from the date of approval of a requisition by a user department to the payment of the vendor's invoice.

9. Asset management

72. Non-expendable property consists of property and equipment valued at $1,500 or more per unit at the time of purchase and with a serviceable life of five years or more. As disclosed in note 9 to the financial statements, the value of non-expendable holdings as at 31 December 2007 was $95.3 million, a 17 per cent increase over the previous-period balance of $81.3 million.

Asset register

73. The Board noted that UNRWA did not maintain an asset register to monitor the existence and completeness of assets. The Board was provided with an excel spreadsheet schedule listing assets. However, the listing did not indicate acquisition date, invoice reference, asset number or physical location, and did not provide a description of the asset, or details of disposals and pending disposals. Furthermore, this listing did not include land and prefabricated buildings. The absence of an asset register may lead to assets not being fully accounted for and losses going undetected.

74. **UNRWA agreed with the Board's recommendation that it:**

(a) **Maintain an asset register that includes all non-expendable property, including land and buildings, that reflects cost, description, asset number and date of acquisition, to ensure accountability for this property;**

(b) **Implement procedures to periodically physically verify the existence of assets and the condition of the assets and investigate and adjust for variances.**

75. UNRWA informed the Board that the asset registers were maintained at the field office level and records existed to physically verify assets. A centralized,

consolidated, Agency-wide assets register would be implemented with the assets module of the financial management system, during the second half of 2008.

10. Expendable property

76. Expendable property consists of property and equipment valued at less than $1,500 per unit at the time of purchase and with a serviceable life of less than five years. There are, however, a number of exceptions to this rule.

77. Paragraph 5 of the United Nations system accounting standards requires observance of the principles of prudence, substance over form and materiality in the selection and application of accounting policies. In addition, paragraph 49 requires disclosure of the value of inventory (other than non-expendable equipment, furniture and motor vehicles) as an asset in the financial statements at the end of the financial period.

78. The Board noted that except for stock relating to embroidery and carpentry, there was no disclosure of the value of expendable property in the financial statements, although significant amounts of such property were held at pharmaceutical locations, warehouses and food distribution centres.

79. UNRWA informed the Board that it had not been its policy to disclose expendable property since that would require a reduction in expenditure at the end of the year and corresponding credit to Member States. The latter was not possible since the funds had already been expended.

80. **UNRWA agreed with the Board's recommendation that it consider disclosing in the financial statements the value of unused expendable property at the end of the financial period in order to improve transparency, accountability and financial reporting, and in preparation for the implementation of the International Public Sector Accounting Standards.**

81. UNRWA informed the Board that the implementation of the procurement and inventory management system would allow for the adoption of a new procurement and inventory software module which would enable it to report on unused expendable property values.

11. Human resources management

Human resources planning

82. During the audit of human resources management at the Gaza Strip and West Bank field offices, the Board noted that neither field office had human resources plans in place yet.

83. Although there was no formal requirement for field offices to prepare human resources plans, the Board considered it good practice for field offices to prepare their own human resources plans since they carried out their own recruitment. In the absence of such plans, the effectiveness of human resources management, which included human resources planning and forecasting, staff selection and deployment, performance management and the development of relevant skills and knowledge, could not be planned, evaluated, monitored or improved in the best possible manner.

84. UNRWA stated that when that recommendation had been made in the previous report of the Board, it had undertaken to complete a workforce plan by 2009 and to

provide regular updates on progress towards the achievement of that goal. UNRWA informed the Board that it was taking a systematic approach to human resources planning, which it saw as a key component of an integrated set of initiatives within the human resources component of the organizational development process.

85. **UNRWA agreed with the Board's reiterated recommendation that it develop human resources plans for its field offices.**

86. UNRWA informed the Board that it was in the process of adopting a comprehensive workforce strategy, details of which had been discussed at a recent Management Committee meeting. The strategy included workforce planning at headquarters and in the field locations, in conjunction with the programme management and budgetary cycles. Tools for programme management, including workforce planning, were currently being developed.

Succession planning

87. The Board reported previously that UNRWA had no succession plan in place.

88. **UNRWA agreed with the Board's reiterated recommendation that it formalize the process of succession planning.**

89. UNRWA informed the Board that succession planning was part of overall workforce planning and would be undertaken in 2008. In addition, exit interviews were conducted regularly for international staff. To ensure that UNRWA had an adequate cadre of senior staff who could be selected to replace retiring staff, large-scale externally accredited leadership and management development training was started in 2007.

Performance management system

90. The Board noted that UNRWA conducted performance appraisal reviews for employees annually, in the context which the work performance of the employee was examined and discussed with a view to identifying weaknesses and strengths, as well as opportunities for improvement and skills development. The Board noted that feedback provided by supervisors on performance appraisals was not documented and that training needs were not identified during performance appraisals.

91. The Board had previously recommended that UNRWA compile personal development plans for all staff as part of the performance appraisal process. At the time of the audit, personal development plans had still not been implemented for all staff.

92. **UNRWA agreed with the Board's reiterated recommendation that it compile personal development plans for staff as part of the performance appraisal process.**

93. **UNRWA agreed with the Board's recommendation that supervisors provide documented feedback during performance appraisal reviews of staff members.**

94. UNRWA informed the Board that an improved, electronic, competency-based performance appraisal system had been developed and was currently being rolled out for international staff and senior area staff. It included an assessment of training and development needs, communication and feedback at the midpoint and at the end

of the contractual year. Furthermore, in the longer term, the Agency would seek to link performance appraisal with outcomes expected from reforms in programme management and with its classification and compensation systems, which were being redesigned.

Gender representation

95. At the time of the interim audit visit, the gender ratios at both the Gaza and West Bank field offices were outside the 50:50 target range established by the Secretary-General. The male to female ratio of the local staff complement in Gaza was 55:45 (the total of 9,490 employees comprised 4,235 (45 per cent) females and 5,255 (55 per cent) males). At the Professional level and above, the local staff component of 547 employees consisted of 82 females (15 per cent) and 465 males (85 per cent).

96. The male to female ratio of the local staff complement in the West Bank was 49:51 (the total of 4,329 employees comprised 2,102 (49 per cent) females and 2,227 (51 per cent) males). At the Professional level and above, the local staff component of 439 employees consisted of 70 (16 per cent) females and 369 (84 per cent) males.

97. UNRWA informed the Board that it had made efforts to ensure diversity in staff selection. However, the Agency had not established time frames and accountability measures for achieving the 50:50 gender distribution target. UNRWA explained that it was difficult to establish a time frame to achieve a 50:50 gender balance, since women did not apply for a considerable number of vacant posts (such as those for manual labourers and guards) owing to local traditions or to the physical abilities required for such posts.

98. **UNRWA agreed with the Board's recommendation that it formally establish gender distribution milestones and monitor all new appointments against such milestones.**

99. UNRWA informed the Board that, in April 2008, it had adopted a comprehensive gender mainstreaming strategy for 2008-2009, which incorporated a human resources gender policy and implementation strategy setting out targets and milestones. Furthermore, UNRWA stated that all gender-related policy documents were made available to staff on its Intranet sites and that, later in 2008, a Junior Professional Officer was expected to join the Human Resources Department and have specific responsibility for supporting the implementation of the human resources gender policy.

Vacancy rate

100. UNRWA considered that a 5 per cent vacancy rate was a reasonable target. The Agency endeavoured to fill vacancies within three months. During the review of vacancies, the Board noted that the Gaza field office's vacancy rate of 3.5 per cent was within the norm. However, the West Bank field office's vacancy rate of 8.5 per cent was above the norm. Furthermore, some of the posts had been vacant for more than six months. Posts that were vacant for excessive periods could have a negative impact on service delivery.

101. **UNRWA agreed with the Board's reiterated recommendation that it include in its human resources plan a strategy to manage the timely filling of long-vacant posts.**

102. UNRWA informed the Board that the management of vacant posts had been examined in recent process reviews and had also been considered in December 2007 by the Management Committee. A combination of strategies to address the issue would be implemented in 2008.

103. UNRWA further informed the Board that it fully accepted all the recommendations relating to human resources and that those recommendations were being adequately addressed through a comprehensive overhaul of human resources management. UNRWA further explained that human resources reforms were part of the organizational development process which it had embarked upon in 2005.

12. Information technology

104. A high-level overview of the general computer controls applicable to the information systems was undertaken at headquarters in Amman and the field offices in the Gaza Strip and the West Bank. The objective of the high-level overview was to ascertain the reliability of the overall information systems management controls where the financial systems were concerned.

105. The review indicated that although some controls were in place, there were several significant weaknesses in the general control environment.

Disaster recovery plan and business continuity plan

106. The Board had previously noted that UNRWA did not have a disaster recovery plan or business continuity plan that had been developed, documented and communicated.

107. **UNRWA agreed with the Board's reiterated recommendation that it:**

(a) **Develop a comprehensive disaster recovery and business continuity plan and communicate it to all personnel;**

(b) **Test, review and update its disaster recovery plan on a regular basis.**

108. UNRWA informed the Board that, with a view to expediting the implementation of all recommendations relating to information technology, it had secured the services of a consultant to develop a draft disaster recovery plan framework, which was due to be discussed and adopted by the recently established Information Management Committee.

109. UNRWA further informed the Board that it had signed a memorandum of understanding with the Department of Field Support to the effect that all newly developed central applications would be moved to the data centre in Brindisi, Italy, from where disaster recovery services would be provided. Furthermore, a second international wide area network to provide data connectivity was currently being put in place.

Management of back-ups

110. The Board noted certain weaknesses regarding the management of back-ups, such as that they were not stored in an off-site location; no register of back-ups was kept; and evidence that back-ups were regularly tested did not exist.

111. Without proper back-up management, the Agency has no way of ensuring that data could be successfully restored or that the Agency would have access to the back-ups.

112. **UNRWA agreed with the Board's recommendation that it address the weaknesses identified in the back-up procedures relating to information technology across the Agency.**

113. UNRWA informed the Board that back-up schedules at headquarters in Amman were well established and carried out on a daily and monthly basis. Monthly back-ups were kept indefinitely in secure safes. Back-ups were verified each time the process was completed. Tapes were stored off-site for headquarters systems. However, back-ups for other offices were not transported to different locations. UNRWA undertook to establish and implement the headquarters procedure at all locations.

114. UNRWA also informed the Board that a review of back-up processes for all locations was currently being conducted and that the results would be reflected in a revised operations manual, to be issued by the end of August 2008, that would provide Agency-wide guidance.

UNRWA information systems strategy and master plan

115. The Board noted that the UNRWA information systems strategy and master plan had not been updated recently, the last revision having been undertaken in October 2004.

116. **UNRWA agreed with the Board's recommendation that it review and update its information systems strategic plan regularly, taking into account international standards and best practice.**

117. UNRWA informed the Board that its newly established Information Management Committee would play a central role in implementing and updating the information systems strategic plan, as its terms of reference included regular review of the Agency's information and communications technology strategic plan.

Information systems security policy

118. At the time of the audit, the UNRWA information system security policy was still in draft form and therefore not approved or implemented.

119. An information security statement was issued and approved on 24 July 2005, under the terms of which an information security working group was established. It was also noted that paragraphs 3.3 and 4.1.1 of the information system strategic plan provided for the establishment of an information system security plan, which was also budgeted for.

120. Without a proper information system security and administration policy, the management would be unable to protect the Agency's information system assets or

detect and report on information systems security violations that might compromise the integrity and confidentiality of data housed within the Agency.

121. **UNRWA agreed with the Board's reiterated recommendation that it develop an information systems security policy to enforce and regulate access to sensitive and confidential data and information.**

122. UNRWA informed the Board that a draft information security policy has been prepared and would be reviewed by the Information Management Committee, and that, once it had been finalized, the policy would be managed through regular reviews by that committee.

Change control policy for emergency changes

123. The Board noted that UNRWA had no formally approved change control procedures in place for emergency changes.

124. Without a proper change control process, UNRWA faces the risk that it may not be able to ensure that changes are authorized, documented and tested properly before implementation.

125. **UNRWA agreed with the Board's reiterated recommendation that it:**

(a) **Develop a change control policy for emergency changes;**

(b) **Enforce standardized procedures relating to requests for changes to the application systems.**

126. UNRWA responded that, with regard to standardized procedures for requests for changes, the Information System Division (ISD) had issued the relevant instructions under ISD Technical Instruction No. 1, entitled "System development and configuration management procedures" and those procedures would be revised to include emergency change requests. The plan was to include those items under a comprehensive "service desk" policy and procedures.

Help desk

127. UNRWA informed the Board that an assessment of the help desk resources had been conducted in 2004 and additional resources had been requested as part of a restructuring proposal, in conjunction with the information and communication technology strategy and master plan. In addition, a similar assessment had been conducted by the United Nations Secretariat in the first quarter of 2007. Both assessments found that there was a shortage of qualified personnel.

128. **UNRWA agreed with the Board's recommendation that it allocate sufficient personnel to staff help desks.**

129. UNRWA informed the Board that some of the posts requested in the restructuring proposal had been approved for establishment in the third quarter of 2007 and the recruitment process to fill them was under way. This activity will be covered by the comprehensive "service desk" policy and procedures referred to above. UNRWA also undertook to regularly assess user satisfaction and help desk requirements.

130. All UNRWA offices had procedures and structures in place to deal with information system problems and requests; however, the systems used were not

standardized across the Agency. For example, the Gaza field office had an advanced, computerized system incorporating e-mail, intranet, fax and telephone in place, developed in-house by one of the programmers, while other field offices did not. The West Bank field office had an e-mail and telephone system in place. As a result, there was no standard method for the recording of help desk problems and solutions and the quality of help desk service delivery among UNRWA offices would naturally vary.

131. **UNRWA agreed with the Board's recommendation that it standardize help desk policies, procedures and structures to ensure consistent standards of service delivery.**

132. UNRWA informed the Board that, given the financial difficulties it faced, it would implement the recommendations relating to the help desks as resources and competing priorities allowed. Owing to funding shortfalls, 50 per cent of the additional posts requested in the restructuring proposal submitted in 2005 had been approved in June 2007; the remainder had been approved for recruitment in 2008. UNRWA further informed the Board that it was in the process of assessing a number of software solutions for help desk logging, with a view to adopting a standard, Agency-wide, solution by the end of 2008.

13. Internal audit function

Internal audit coverage

133. The Board reviewed the Department of Internal Oversight Services' workplan for 2006-2007 for UNRWA operations and noted that the workplan was based on the assessment of risks. During 2007, the Department completed 27 (54 per cent) of the 50 planned audit assignments, 5 audits (10 per cent) were at the reporting stage, 2 (4 per cent) were in the fieldwork phase and 16 (32 per cent) were not started. The Department informed the Board that its workplan had been prepared to reflect assignments "in excess of its capacity".

134. As a result of the incomplete internal audit coverage, the Board's reliance on the internal audit work was reduced. The Board is therefore concerned about the impact of the internal audit coverage on the overall control environment of UNRWA.

135. During the biennium, the Department of Internal Oversight Services had not performed any audit activity on the activities and financial records of the UNRWA Area Staff Provident Fund. However, the Department performs a regular validation of the management's actions to address the recommendations of the Board. The Board found this validation to be a useful oversight tool.

136. UNRWA informed the Board that the action plan of the Department of Internal Oversight Services was determined by operational necessity and that in spite of resource constraints the Department had accomplished substantial work during the biennium, completing a number of special assignments and other projects, including the peer review and coordination with the Board with regard to the audit of the annual financial statements of the Microfinance and Microenterprise Department.

137. **The Board recommends that UNRWA, in conjunction with the Department of Internal Oversight Services:**

(a) **Consider desktop reviews or other alternative procedures for assignments where the security situation prevents a field visit from being undertaken;**

(b) **Include the Area Staff Provident Fund in its audit workplan.**

138. The Department of Internal Oversight Services informed the Board that it prepared its workplan (based on risk assessment) in excess of its capacity in order to build in operational flexibility in case of security-related closures in Gaza, the West Bank and Lebanon and that its plan was reviewed annually by the Audit Committee to take into consideration the Agency's priorities with regard to oversight issues. Furthermore, the Department stated that it utilized some of its available time to conduct its internal quality assessment and then submitted itself for the external quality assessment. The Department explained that it had been able, despite the constraints, to extend audit coverage across the Agency in certain areas and also undertake investigation-related activities.

Quality assurance peer review

139. In September 2007, a quality assurance peer review of the Department of Internal Oversight Services was conducted by the Institute of Internal Auditors (IIA) in keeping with best practice and in compliance with IIA standards.

140. The quality assurance peer review concluded that the Department of Internal Oversight Services partially conformed to IIA standards. The review found that the Department was "making good faith efforts to comply with the requirements of individual standards or elements of the code of ethics ... but has fallen short of achieving some of its objectives". The review concluded that DIOS "partially complies" with attribute standards and "fully complies" with performance standards and with the code of ethics.

141. The quality assurance report listed four matters for consideration by the Agency's management, namely:

(a) Establishing the independence of the internal audit activity by formalizing a reporting path for the Chief Audit Executive, independent of the UNRWA management;

(b) Improving the partnership between management and the Department of Internal Oversight Services, which will require support and encouragement at the executive and management levels;

(c) Enhancing the charter of the Advisory Committee on Internal Oversight by including language which addresses the responsibility to advise the Commissioner-General on the appointment or removal of the Chief Audit Executive;

(d) Implementing a formal enterprise risk process to ensure that all key agency risks are identified and managed and the Department of Internal Oversight Services focuses its audit programme on key risks.

142. The quality assurance report further listed nine matters for consideration by the Department of Internal Oversight Services, namely:

(a) Expanding the annual audit planning process to develop a comprehensive audit risk universe that encompasses all auditable segments;

(b) Establishing a consistent standard report format to ensure consistent report quality, and establishing a quality review process;

(c) Enhancing coverage of information technology (IT) by increasing IT skills;

(d) Improving/enhancing root cause analysis of audit observations to ensure causes of problems are addressed whenever possible;

(e) Expanding metrics to improve resource management to ensure resource constraints are better considered, measured and evaluated;

(f) Improving the practice and perception of objectivity by ensuring each audit approach is in line with the Department's goal of helping the Agency achieve its objectives;

(g) Expanding continuing professional development to maintain a high-quality, knowledgeable and professional audit staff;

(h) Including efficiency in audit objectives where appropriate, by considering an evaluation of the effectiveness and efficiency of processes during the audit;

(i) Improving the partnership between the Department of Internal Oversight Services and management by taking a more consultative and partnering approach.

143. **The Board recommends that UNRWA, in conjunction with the Department of Internal Oversight Services, implement the recommendations of the peer review process.**

14. Internal audit findings

144. Significant findings of audits performed by the Department of Internal Oversight Services are summarized below.

Appointment of relatives

145. The Department of Internal Oversight Services noted that some appointments of UNRWA staff relatives were made, in contravention of the rules. The management commented that it was implementing the relevant instruction. However, in some cases, it had no alternative but to resort to employing staff relatives when there were no other candidates available to assume assignments. There were instances where the hiring departments, through oversight, employed such relatives without obtaining prior approval.

Refugee cash distributions

146. The Department of Internal Oversight Services noted that, although refugees signed to indicate receipt of cash distributions, they did not sign upon receiving commodities distributed in the distribution centres.

147. The Department pointed out that no distributions were made to ineligible refugees. However, it referred to certain instances where closed case files had been destroyed before three years had elapsed. According to the Relief Department manuals, closed case files should be kept for at least three years.

Inspection of goods on receipt

148. The Department of Internal Oversight Services noted that UNRWA field offices did not conduct inspections for quantity or quality at the port. The shipments were transferred to the main warehouse, where inspection processes were then performed. According to the UNRWA manual of supply procedures, an inspection should be conducted at the port, in order for the Agency's rights to be reserved with respect to any losses.

Reconciliation of financial reports

149. The Department of Internal Oversight Services noted that the field office managements were not able to reconcile their accounting records with their results in the internal financial reports prepared by the headquarters in Gaza. Sound internal control policies and procedures required that headquarters send the financial report to each office before issuing the final version, in order to ensure the accuracy of the figures.

Tender documents

150. The Department of Internal Oversight Services noted that tender documents presented by the contractors very often contained arithmetic errors, such as errors in multiplication or addition, and such errors were corrected by unknown person(s). The person(s) who corrected them did not insert the date on which the corrections were made nor did they place their initials against the corrections made.

Information System Division Technical Instructions

151. The Department of Internal Oversight Services noted that the Computer Information System at headquarters in Amman had not reviewed and updated the ISD Technical Instructions, especially No. 3, to ensure that they were compatible with the ISD Directives.

Stock records at central pharmacies

152. The Department of Internal Oversight Services noted that at the Lebanon field office central pharmacy unauthorized changes had been made with regard to quantities issued.

153. The Board considers that the findings of the Department of Internal Oversight Services highlighted above reflect deficiencies in the areas concerned and the Board underscores the need for UNRWA to address these deficiencies

15. Programme and project management

Project management policy

154. At the time of the Board's interim audit, a formal approach, by way of policies, directives or guidelines, to implementing and sustaining project and programme management was not in place for all UNRWA projects.

155. Project plans were established and interim and final reporting carried out only for donor-funded projects. Training to provide special competencies required to manage projects was not in place. Such initiatives would facilitate the consistent use of the project management concept at all field and headquarter offices.

156. UNRWA informed the Board that the operations handbook that was being developed should fill some of the gaps in project policy. With regard to roles and responsibility, most of the responsibility rested with the field office implementing the projects. Training was not always appropriate for project staff, except on the procedures manual, as the theory was that the staff hired for projects would already possess the required skills.

157. The West Bank field office informed the Board that it agreed that the deficiencies highlighted in project management existed, namely the absence of Agency-wide project management policy and strategy, the unclear definition of the roles of key players at both the field and headquarters levels, the absence of mechanisms to collate lessons learned, and an outdated procedures manual which did not reflect up-to-date project management practices.

158. **UNRWA agreed with the Board's recommendation that it adopt a policy covering the management of all projects that, inter alia, set out the responsibilities of all role players, as well as the competencies and training they required.**

159. UNRWA subsequently informed the Board that it had since established the Programme Coordination and Support Unit, whose functions included the streamlining of project and programme management, and that its Management Committee had adopted a medium-term strategy in December 2007 that set out the roles and responsibilities of various Agency entities with regard to project and programme management. Furthermore, a plan to train staff at headquarters and field offices on programme/project cycle management had since been finalized and was under implementation.

160. UNRWA also informed the Board that, since the audit, it had adopted a new monitoring and evaluation policy.

Lessons learned

161. No system was in place to record all lessons learned in the implementation of projects, including at field offices. Therefore, insofar as non-donor-funded projects were concerned, the knowledge of the project officers was relied upon to take into account some of the lessons learned.

162. **UNRWA agreed with the Board's recommendation that it establish a system to record and apply lessons learned in project implementation.**

163. UNRWA informed the Board that it had since finalized and adopted its monitoring and evaluation policy, which would be used as a basis for addressing the Board's recommendations with regard to project management. Furthermore, that policy provided for responsibility for applying lessons learned across sectors and field locations to be shared between the Programme Coordination and Support Unit, programmes and field offices.

Project procedures manual

164. The project procedures manual outlines the key steps involved in developing and managing a project within UNRWA. It is aimed at enabling new staff to comprehend quickly the procedures of the Agency, including the roles and responsibilities of the various departments and field offices involved in project

implementation. This manual was last updated in 2003 and requires another update to bring it into line with best practice and international standards.

165. **UNRWA agreed with the Board's reiterated recommendation that it update the project procedures manual, with input from the field offices, and benchmark it against best practice and international standards.**

166. UNRWA informed the Board that the programme cycle management handbook that the Programme Coordination and Support Unit was currently working on would address some of those issues in a broader context for projects, programmes and emergency operations. The updating of the project procedures manual had been deferred until the programme cycle management handbook was completed.

Headquarters support

167. The Board's discussions with personnel in operations and at field offices indicated that headquarters provided limited support to field offices with regard to project management. That situation was amplified by the lack of an approved project management strategy, implemented agency-wide, that indicated the headquarters support to be given to the field offices.

168. One main input at the headquarters level was to review project reports to ensure that field offices complied with the donor agreements, to advise them that agreements had been signed and to forward copies of the agreements.

169. **UNRWA agreed with the Board's recommendation that it liaise with field offices to implement the project management support required by them.**

170. UNRWA informed the Board that support was now being provided to field offices by the Programme Coordination and Support Unit, which offered guidance and assistance on programming, assessment, monitoring and evaluation issues. Furthermore, additional support was provided by project officers and the newly appointed programme support officers. UNRWA stated that together, all those factors constituted a knowledge network of systematic and strategic support to its field offices.

171. UNRWA informed the Board that it fully accepted all the Board's recommendations relating to project management and that those recommendations were in the process of being implemented across the Agency under the rubric of enhanced programme cycle management and the organizational development process.

16. Write-offs and disposals

172. The Administration informed the Board that, in accordance with financial rule 106.8, accounts receivable of $6 million had been written off during the biennium 2006-2007. They consisted of outstanding pledges of $5.8 million and outstanding receivables of $253,656.

17. Ex gratia payments

173. As required by financial regulation 5.11, the Administration reported ex gratia payments for the period under review amounting to $2,628, for an accident between an UNRWA bus and a vehicle of the United Nations Interim Force in Lebanon.

18. Cases of fraud and presumptive fraud

174. The Administration reported the following cases to the Board.

Relief and Social Services Department

175. On 20 August 2006, a meeting was held to investigate forgery incidents in the cash assistance programme. This was the second meeting held to investigate the subject. In this case, it was discovered that some persons had withdrawn amounts of money from the cash assistance transferred from UNRWA to the Bank of Palestine to be offered to needy families. With the assistance of some staff members, the persons had used documents and stamps that pertained to UNRWA.

176. The Investigation Board met from 20 August 2006 to November 2006, when it submitted its final report. The Investigation Board interviewed a large number of staff members of the Relief Department who were involved in the corruption in the case of the cash assistance or who were aware of those incidents, which violated the Agency's rules and regulations. On the basis of an internal Board of Inquiry report of 13 April 2007, the management has undertaken an overhaul of the emergency cash assistance programme at the Gaza field office and made appropriate management changes.

Engineering and Construction Services Department clerk

177. In mid-July 2007, the UNRWA Area Maintenance Officer in Nuseirat contacted the Gaza Engineering and Construction Services Division, inquiring why he had not received the value of the April 2007 invoices. When asked, the staff member responsible for payment of these maintenance-related invoices admitted delaying the payment (i.e., appropriating the cash which had been entrusted to him). The value of these invoices/cash payments amounted to around $980 for payments due in April, May and June 2007.

178. The Agency sent a letter to the staff member on 14 August 2007, providing him with an opportunity to respond to the allegation. His response failed to rebut the allegation and he was issued a written censure, combined with suspension without pay for two weeks, from 17 to 30 September 2007.

C. Acknowledgement

179. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Commissioner-General and the Comptroller and members of their staff, as well as by the staff at headquarters in Amman and at the Gaza, West Bank and Amman field offices.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
(Chairman, United Nations Board of Auditors)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
(Lead auditor)

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit

30 June 2008

Annex

Status of implementation of the Board's recommendations for the biennium ended 31 December 2005

Subject	*Paragraph reference*[a]	*Financial period in which first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
1. Disclosure of the financial statements	21	2002-2003	X			
2. Listing of acquisitions and disposals of buildings	32	2002-2003	X			
3. Funding mechanism for end-of-service benefits	34	2004-2005	X			
4. Procurement standards of conduct	39	2004-2005	X			
5. Competency of procurement staff	46	2002-2003	X			
6. Implementation of code of conduct for suppliers	48	2004-2005		X		
7. Procurement lead times	53	2002-2003		X		
8. Implementation of human resources plan	57	2004-2005		X		
9. Development of a training plan	62	2004-2005		X		
10. Prior approval of overtime	64	2004-2005	X			
11. Overtime — payment and delegation of authority	70	2004-2005	X			
12. Vacancy rate	74	2004-2005		X		
13. Succession planning	77	2002-2003			X	
14. Personal development plans	80	2002-2003		X		
15. Policies on results-based management	84	2004-2005		X		
16. Data collection and collation	86	2004-2005	X			
17. Update of Financial Management System	88	2004-2005	X			
18. Performance evaluation	93	2004-2005		X		
19. Guidance on implementation of results-based management	99	2004-2005		X		
20. Policy on project management	104	2004-2005		X		
21. Carrying forward all lessons learned	107	2004-2005		X		
22. Treasury technical instructions	110	2004-2005	X			
23. Microfinance and microenterprise programme accounting policy on provision for doubtful debts	120	2004-2005	X			
24. Accrual of investment income	126	2004-2005	X			
25. Recognition of humanitarian loans	135	2004-2005				X
26. Change control procedures	146	2004-2005		X		
27. Change control committee	147	2004-2005	X			
28. Disaster recovery plan	153	2002-2003			X	
29. Information and communication technology security policy	157	2002-2003		X		
30. Information and communication technology security	162	2002-2003		X		
31. Logging of system changes	165	2004-2005	X			
32. Controls for remote access	169	2004-2005	X			

Subject	*Paragraph reference*[a]	*Financial period in which first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
33. User rights	172	2004-2005	X			
34. Access controls on the application systems	176	2004-2005	X			
Total recommendations		**34**	**17**	**14**	**2**	**1**
Percentage			**50%**	**41%**	**6%**	**3%**

[a] See A/61/5/Add.3.

Chapter III
Audit opinion

We have audited the accompanying financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), comprising statements numbered 1 to 7 and the supporting notes, for the biennium ended 31 December 2007. These financial statements are the responsibility of the Commissioner-General of UNRWA. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Commissioner-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of UNRWA as at 31 December 2007 and the results of its operations and its cash flows for the period then ended, in accordance with the United Nations system accounting standards.

Furthermore, in our opinion, the transactions of UNRWA that have come to our notice or which we have tested as part of our audit have in all significant respects been in accordance with the Financial Regulations of UNRWA and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the UNRWA.

Philippe **Séguin**
First President of the Court of Accounts of France
Chairman of the United Nations Board of Auditors

Terence **Nombembe**
Auditor-General of the Republic of South Africa
(Lead auditor)

Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit

30 June 2008

Chapter IV

Certification of the financial statements

Pursuant to financial regulations 11.4 and 12.1 of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, I have the honour to submit the consolidated financial statements for the Agency (including the Microfinance and Microenterprise Department) for the biennium ended 31 December 2007.

I certify that all transactions have been properly recorded in the accounting records and properly reflected in the Agency's financial accounts and appended statements, which I hereby certify as accurate and representative of the Agency's operating activities and the financial state of affairs as at 31 December 2007.

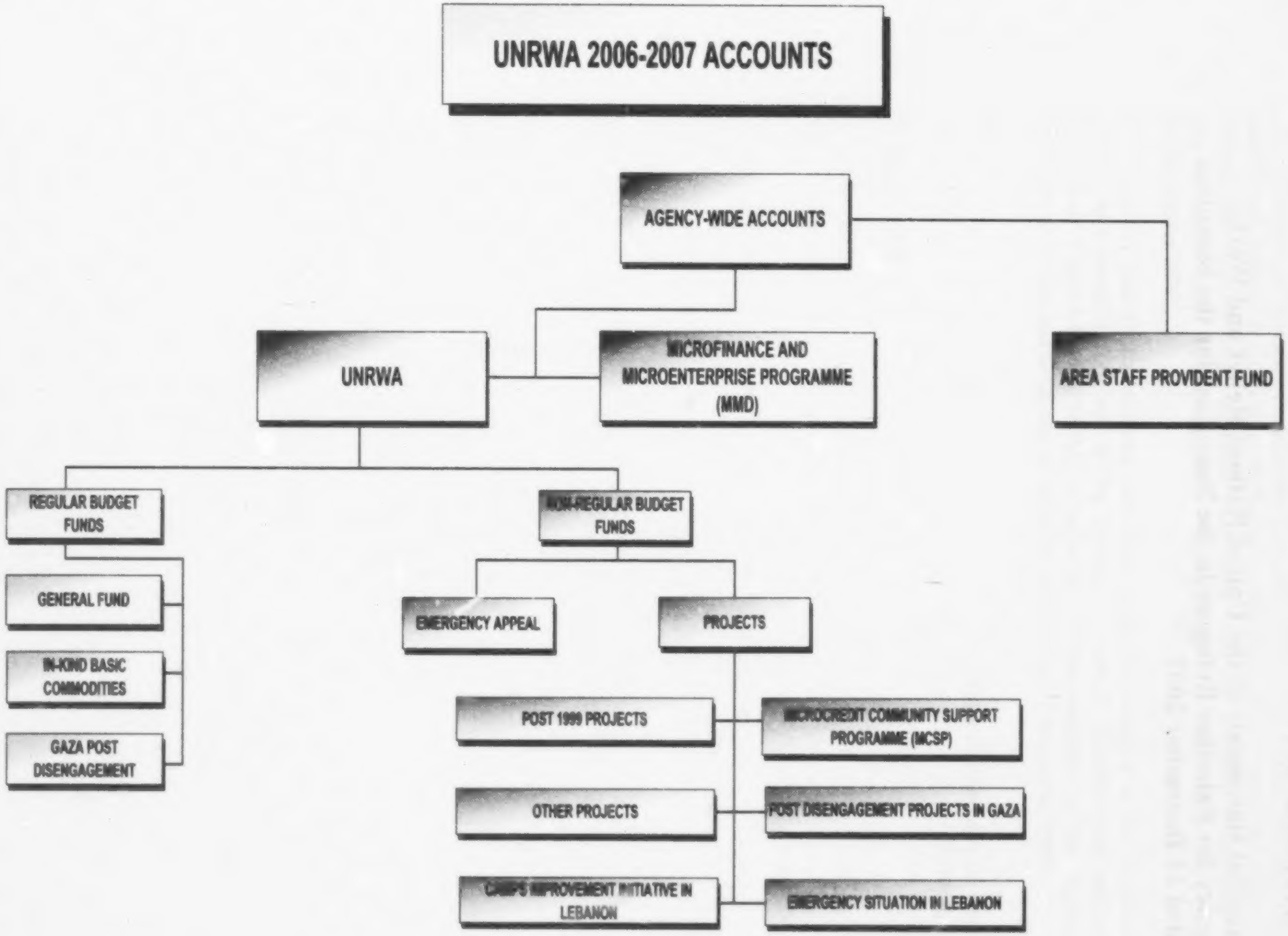
(*Signed*) Ramadan **Al Omari**
Comptroller

27 March 2008

Chapter V

Financial statements for the biennium ended 31 December 2007

A. Financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2007


UNRWA 2006-2007 ACCOUNTS
AGENCY-WIDE ACCOUNTS
UNRWA
MICROFINANCE AND MICROENTERPRISE PROGRAMME (MMD)
AREA STAFF PROVIDENT FUND
REGULAR BUDGET FUNDS
NON-REGULAR BUDGET FUNDS
GENERAL FUND
IN-KIND BASIC COMMODITIES
GAZA POST DISENGAGEMENT
EMERGENCY APPEAL
PROJECTS
POST 1999 PROJECTS
MICROCREDIT COMMUNITY SUPPORT PROGRAMME (MCSP)
OTHER PROJECTS
POST DISENGAGEMENT PROJECTS IN GAZA
CAMPS IMPROVEMENT INITIATIVE IN LEBANON
EMERGENCY SITUATION IN LEBANON

Statement 1

United Nations Relief and Works Agency for Palestine Refugees in the Near East

Statement of income, expenditure and changes in working capital and fund balances for the biennium 2006-2007

(In United States dollars)

Biennium 2004-2005 All funds[a]	Details	Note	Regular budget funds			Non-regular budget funds					
			Cash	In kind	Regular budget funds	Emergency appeal	Projects[b]	Non-regular budget funds	All funds	Microfinance and micro-enterprise programme[f]	Grand total
	INCOME	1 (g)									
	Contributions:										
729 778 758	Contributions by Governments		531 104 890	5 323 866	536 428 757	225 854 402	89 363 853	315 218 255	851 647 012	—	851 647 012
244 881 597	Contributions by intergovernmental organizations		218 814 008	1 166 944	219 980 952	52 771 262	39 002 901	91 774 163	311 755 115	—	311 755 115
37 644 788	Contributions by United Nations agencies		39 918 594	1 777 254	41 695 848	4 650 981	6 117 514	10 768 496	52 464 343	—	52 464 343
17 414 587	Contributions by non-governmental organizations		421 380	2 297 458	2 718 838	9 385 068	11 247 049	20 632 118	23 350 955	—	23 350 955
3 257 594	Contributions from other sources	5	410 499	1 092 180	1 502 679	391 336	176 404	567 741	2 070 420	—	2 070 420
1 032 977 325	**Total contributions[c]**		**790 669 372**	**11 657 702**	**802 327 074**	**293 053 050**	**145 907 722**	**438 960 772**	**1 241 287 846**	—	**1 241 287 846**
	Other income										
10 341 262	Miscellaneous income	6	15 893 192	—	15 893 192	—	479 004	479 004	16 372 195	7 486 460	23 858 655
(18 573 201)	Currency exchange gains/(losses)	7	11 891 667	—	11 891 667	(0)	0	(0)	11 891 667	48 226	11 939 893
(8 231 940)	**Total other income**		**27 784 859**	—	**27 784 859**	**(0)**	**479 004**	**479 004**	**28 263 863**	**7 534 686**	**35 798 549**
1 024 745 385	**TOTAL INCOME**		**818 454 231**	**11 657 702**	**830 111 933**	**293 053 049**	**146 386 726**	**439 439 775**	**1 269 551 708**	**7 534 686**	**1 277 086 394**
(987 495 326)	**EXPENDITURE[d]**	1(h)	(816 085 695)	(13 070 135)	(829 155 830)	(351 487 653)	(118 720 705)	(470 208 359)	(1 299 364 189)	(8 894 010)	(1 308 258 199)
37 250 059	**EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE**		2 368 536	(1 412 433)	956 103	(58 434 604)	27 666 020	(30 768 584)	(29 812 480)	(1 359 324)	(31 171 804)
19 936 439	Adjustments[e]	16	(18 238 496)	2 080 867	(16 157 629)	(6 237 972)	2 382 293	(3 855 679)	(20 013 307)	(1 163 520)	(21 176 827)
57 186 498	**NET RESULT FOR THE YEAR**	**1.10**	**(15 869 959)**	**668 434**	**(15 201 526)**	**(64 672 576)**	**30 048 314**	**(34 624 262)**	**(49 825 788)**	**(2 522 844)**	**(52 348 632)**
32 253 893	Working capital as at 01.01.2006		38 654 463	—	38 654 463	—	—	—	38 654 463	—	38 654 463
77 343 359	Fund balances as at 01.01.2006		19 910 890	498 967	20 409 857	71 100 194	37 821 190	108 921 384	129 331 241	—	129 331 241
(2 409 864)	Change in retained earnings MMD and MCSP 01.01.2006		—	—	—	—	510 784	510 784	510 784	(4 122 602)	(3 611 818)
38 654 463	Working capital as at 31 December 2007		40 270 045	—	40 270 045	—	—	—	40 270 045	—	40 270 045
129 331 241	Fund balances as at 31 December 2007		2 425 349	1 167 401	3 592 749	6 427 618	68 155 337	74 582 955	78 175 704	(4 122 602)	74 053 102

Biennium 2004-2005 All funds[a]	Details	Note	Regular budget funds			Non-regular budget funds				Microfinance and micro-enterprise programme[f]	Grand total
			Cash	In kind	Regular budget funds	Emergency appeal	Projects[b]	Non-regular budget funds	All funds		
(3 611 818)	Retained earnings MMD and MCSP for the biennium 2006-2007		—	—	—	—	224 951	224 951	224 951	(2 522 844)	(2 297 893)
164 373 886	**Total working capital and fund balances as at 31 December 2007**		**42 695 394**	**1 167 401**	**43 862 795**	**6 427 618**	**68 380 287**	**74 807 905**	**118 670 700**	**(6 645 446)**	**112 025 254**

[a] Please refer to note 18.

[b] Please refer to statement 6.

[c] Please refer to appendix 4.

[d] Please refer to appendices 1, 2 and 3.

[e] Please refer to statement 5 and note 16.

[f] Please refer to note 18 and MMP financial statements in Part III.

Statement 2

Assets and liabilities statement as at 31 December 2007

(In United States dollars)

As at 31 December 2005 All funds[a]	Particulars	Note	Regular budget funds			Non-regular budget funds					
			Cash	In kind	Regular budget funds total	Emergency appeal	Projects[b]	Non-regular budget funds total	All funds	Microfinance and microenterprise programme[c]	Grand total
	ASSETS:										
	Current assets:										
177 541 057	Cash on hand and in banks	10	80 337 540	187 222	80 524 762	36 729 401	87 406 793	124 136 193	204 660 955	7 385 191	212 046 146
65 638 359	Contribution receivable	11&16	22 051 734	914 473	22 966 207	29 076 156	34 453 693	63 529 849	86 496 056	473 841	86 969 897
32 499 581	Accounts receivable	12.1	22 021 074	975	22 022 049	7 540 511	4 549 607	12 090 118	34 112 167	10 051 358	44 163 525
4 592 189	Prepaid expenses and advances to suppliers		7 976 147	64 731	8 040 878	3 506 565	27 743	3 534 309	11 575 187	72 912	11 648 099
628 887	Inventories	13	127 953	—	127 953	—	—	—	127 953	—	127 953
—	Operational account with MMD	12.2	815 016	—	815 016	—	(0)	(0)	815 016	(815 016)	—
	Fixed assets[d]	8									
3 816 122	Construction work-in-progress		2 822 141	—	2 822 141	—	—	—	2 822 141	—	2 822 141
62 433 510	Land and buildings	8.1/2	88 547 577	—	88 547 577	—	—	—	88 547 577	—	88 547 577
772 091	MMD fixed assets		—	—	—	—	—	—	—	802 088	802 088
347 921 796	**TOTAL ASSETS**		**224 699 182**	**1 167 401**	**225 866 583**	**76 852 633**	**126 437 836**	**203 290 469**	**429 157 052**	**17 970 374**	**447 127 426**
	LIABILITIES										
26 822 786	Accounts payable	14	25 072 802	—	25 072 802	1 830 717	2 384 731	4 215 448	29 288 250	2 616 812	31 905 062
—	Area staff leave encashment liabilities	2	22 061 616	—	22 061 616	—	—	—	22 061 616	700 285	22 761 901
52 444 368	Reserve for unliquidated budget commitments	15	29 936 356	—	29 936 356	62 590 281	37 508 472	100 098 753	130 035 109	—	130 035 109
(1 132 139)	Due to/(from) Area Staff Provident Fund	4	3 463 340	—	3 463 340	—	—	—	3 463 340	—	3 463 340
19 481 902	Advance contributions		14 790 459	—	14 790 459	6 004 017	15 830 735	21 834 752	36 625 211	—	36 625 211
97 616 916	**TOTAL LIABILITIES**		**95 324 572**	**—**	**95 324 572**	**70 425 015**	**55 723 938**	**126 148 953**	**221 473 525**	**3 317 097**	**224 790 622**
	RESERVES[e]										
38 654 463	Working capital		40 270 045	—	40 270 045	—	—	—	40 270 045	—	40 270 045
129 331 241	Fund balances		2 425 349	1 167 401	3 592 749	6 427 618	68 155 337	74 582 955	78 175 704	(4 122 602)	74 053 102
45 068 815	Revaluation capital surplus reserve (2002-2005)		60 593 850	—	60 593 850	—	—	—	60 593 850	—	60 593 850
21 952 909	Capital reserve for project-financed buildings		26 085 367	—	26 085 367	—	—	—	26 085 367	—	26 085 367
(3 611 818)	Retained earnings — MCSP and MMD		—	—	—	—	224 951	224 951	224 951	(2 522 844)	(2 297 893)
18 909 270	Capital reserve — MCSP and MMD		—	—	—	—	2 333 611	2 333 611	2 333 611	21 298 723	23 632 334
347 921 796	**TOTAL LIABILITIES AND RESERVES**		**224 699 182**	**1 167 401**	**225 866 583**	**76 852 633**	**126 437 836**	**203 290 469**	**429 157 052**	**17 970 374**	**447 127 426**

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[a] Please refer to note 19.

[b] Please refer to statement 7.

[c] Please refer to MMP financial statements in Part III.

[d] Previous biennium 2004-2005 figures have been reinstated due to change in accounting policies.

[e] Previous biennium 2004-2005 figures with respect to revaluation capital surplus reserve and capital reserve for project-financed buildings have been reinstated due to change in accounting policies.

Statement 3

Cash flow statement for the biennium 2006-2007

(In United States dollars)

Biennium 2004-2005	*Details*	*Biennium 2006-2007*
	CASH FLOWS FROM OPERATING ACTIVITIES:	
37 250 059	Excess (shortfall) of income over expenditure	(31 171 804)
(14 346 625)	(Less): increase in contributions receivable	(21 331 538)
(10 502 696)	(Less): increase in accounts receivable	(11 663 944)
1 815 078	(Less): increase in prepaid expenses and advances to suppliers	(7 055 910)
249 486	Add: decrease in inventories	500 934
2 970 628	Add: increase in accounts payable	5 082 276
(6 667 505)	Add: increase in reserve for unliquidated budget commitments	77 590 741
(228 321)	(Less): interest income	(11 187 304)
297 119	Plus: interest transferred to projects	2 725 237
18 573 201	(Less): exchange gains/(losses)	(11 939 893)
29 410 425	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	**(8 451 204)**
	CASH FLOWS FROM INVESTING ACTIVITIES:	
(3 816 122)	Add: decrease in construction work-in-progress	993 981
(62 433 510)	(Less): increase in land and buildings	(26 114 067)
(772 091)	(Less): increase in MMD fixed assets	(29 997)
45 068 815	Add: increase in capital reserve for project-financed buildings	4 132 458
21 952 909	Add: increase in revaluation capital surplus reserve (2002-2005)	15 525 035
—	**NET CASH FROM INVESTING ACTIVITIES**	**(5 492 590)**
	CASH FLOWS FROM FINANCING ACTIVITIES:	
4 180 816	Add: increase in capital reserve — MCSP and MMD	4 723 064
(4 282 208)	Add: increase in due to/(from) Area Staff Provident Fund	4 595 479
16 377 524	Add: increase in advance contributions	17 143 309
—	(Less): increase in operational account with MMD	—
—	Add: increase in area staff leave encashment liabilities	22 761 901
(10 000 000)	(Less): decrease in reserve for exchange rate fluctuations	—
228 321	Plus: interest income	11 187 304
(297 119)	(Less): interest transferred to projects	(2 725 237)
(531 630)	Plus: realized exchange gains/(losses)	4 379 737
5 675 706	**NET CASH FROM FINANCING ACTIVITIES**	**62 065 555**
	EFFECTS OF CHANGES ON CASH:	
19 936 439	Adjustments	(21 176 827)
(18 041 572)	Unrealized exchange gains/(losses)	7 560 153
—	Reclassification of fund balances	—
1 894 867	**NET CASH FROM OTHER SOURCES**	**(13 616 671)**
36 980 997	**NET INCREASE IN CASH**	**34 505 089**
140 560 060	Cash balance as at 01.01.2006	177 541 057
177 541 057	Cash balance as at 31.12.2007	212 046 146
36 980 997	**NET INCREASE IN CASH BALANCES**	**34 505 089**

Statement 4

Budget and expenditure for the biennium 2006-2007

(In United States dollars)

Details	*Budget*			*Expenditure*		
	Cash	*In kind*	*Total*	*Cash*	*In kind*	*Total*
REGULAR BUDGET FUNDS						
Education programme						
Education planning and management	20 293 000	960 000	21 253 000	14 983 358	638 854	15 622 212
Elementary education	255 040 000	24 000	255 064 000	252 654 325	2 343 118	254 997 443
Preparatory education	203 945 000	14 000	203 959 000	177 962 598	887 024	178 849 621
Secondary education	6 949 000	—	6 949 000	5 985 839	54	5 985 893
Vocational and professional training	58 161 000	6 000	58 167 000	41 106 572	33 827	41 140 400
Other activities	3 289 000	—	3 289 000	2 750 603	17 972	2 768 575
Total education programme	**547 677 000**	**1 004 000**	**548 681 000**	**495 443 295**	**3 920 848**	**499 364 143**
Health programme						
Programme management	7 304 000	960 000	8 264 000	6 269 754	611 747	6 881 502
Medical services			140 818 000		3 290 612	116 031 107
Environmental sanitation	(3 816 122)		26 123 000	993 981	512	25 813 294
Nutrition and supplementary feeding	(62 433 510)		8 013 000	(26 114 067)	2 611 315	5 460 567
Special environmental health programme, Gaza	(772 091)		1 345 000	(29 997)	—	915 149
Total health programme	**21 952 909**		**186 563 000**	**15 525 035**	**6 514 186**	**155 101 618**
Relief and social services programme						
Programme management	4 809 000	—	4 809 000	5 367 717	8 469	5 376 186
Relief services	48 937 000	23 055 000	71 992 000	54 938 211	8 024 558	62 962 770
Social services	9 117 000	8 000	9 125 000	5 936 208	124 121	6 060 328
Total relief and social services programme	**62 863 000**	**23 063 000**	**85 926 000**	**66 242 136**	**8 157 147**	**74 399 284**
Operational and technical services						
Procurement and logistics services	32 874 000	54 000	32 928 000	31 517 433	(5 550 648)	25 966 785
Engineering and minor construction services	9 683 000	—	9 683 000	8 183 553	4 266	8 187 820
Information and communication technology services	9 353 000	—	9 353 000	5 618 610	22 235	5 640 845
Camp development	1 977 000	—	1 977 000	684 954	—	684 954
Management	871 000	—	871 000	1 629 918	—	1 629 918
Total operational and technical services	**54 758 000**	**54 000**	**54 812 000**	**47 634 469**	**(5 524 147)**	**42 110 322**
Common services						
General management	57 459 000	—	57 459 000	50 803 221	1 669	50 804 890
Administration	60 798 000	—	60 798 000	33 179 086	432	33 179 517
Other services				(25 803 944)	—	(25 803 944)
Total common services	**118 257 000**	**—**	**118 257 000**	**58 178 362**	**2 101**	**58 180 463**
Total regular budget funds	**958 115 000**	**36 124 000**	**994 239 000**	**816 085 695**	**13 070 135**	**829 155 830**
NON-REGULAR BUDGET FUNDS						
Emergency appeal	**392 656 000**	**3 381 000**	**396 037 000**	**348 107 044**	**3 380 610**	**351 487 653**
Projects						
Post-1999 projects	95 609 000	1 006 187	96 615 187	68 169 700	1 006 187	69 175 887
Other projects	144 000	—	144 000	724 058	—	724 058
Microcredit community support programme	373 000	—	373 000	254 053	—	254 053
Disengagement projects in Gaza	29 376 000	—	29 376 000	22 646 697	—	22 646 697
Emergency situation in Lebanon	41 444 000	977 404	42 421 404	22 773 474	977 404	23 750 878
Camps improvement initiative in Lebanon	10 162 000	—	10 162 000	2 169 132	—	2 169 132
Total projects	**177 108 000**	**1 983 591**	**179 091 591**	**116 737 114**	**1 983 591**	**118 720 705**
Unfunded projects	240 157 000	—	240 157 000	—	—	—
Total non-regular budget funds	**809 921 000**	**5 364 591**	**815 285 591**	**464 844 158**	**5 364 201**	**470 208 359**
MICROFINANCE AND MICROENTERPRISE PROGRAMME	**10 096 000**	**—**	**10 096 000**	**8 894 010**	**—**	**8 894 010**
TOTAL ALL FUNDS	**1 778 132 000**	**41 488 591**	**1 819 620 591**	**1 289 823 862**	**18 434 336**	**1 308 258 199**

Statement 5

Statement of working capital, fund balances and reserves for the biennium 2006-2007

(In United States dollars)

Biennium 2004-2005 All funds	Details	Regular budget funds			Non-regular budget funds			Microfinance and microenterprise programme	All funds
		Cash	In kind	Regular budget funds total	Emergency appeal	Projects	Non-regular budget funds total		
32 253 893	Working capital as at 01.01.2006	38 654 463	—	38 654 463	—	—	—	—	38 654 463
77 343 359	Fund balances as at 01.01.2006	19 910 890	498 967	20 409 857	71 100 194	37 821 190	108 921 384	—	129 331 241
10 000 000	Reserve for exchange rate fluctuations	—	—	—	—	—	—	—	—
(2 409 864)	Change in retained earnings MMD and MCSP 01.01.2006	—	—	—	—	—	—	—	—
—	Retained earnings MMD and MCSP for the biennium 2006-2007	—	—	—	—	510 784	510 784	(4 122 602)	(3 611 818)
117 187 388	**Total working capital fund balances, and reserves as at 01.01.2006**[a]	**58 565 353**	**498 967**	**59 064 320**	**71 100 194**	**38 331 974**	**109 432 168**	**(4 122 602)**	**164 373 886**
	Adjustments								
	Prior years' adjustments[b]								
—	PYA-changes in acccunting policies/termination liabilities adjustments[c]	(21 672 252)	—	(21 672 252)	—	—	—	—	(21 672 252)
16 514 650	PYA-changes in accounting estimates	9 140 094	1 656 427	10 796 521	9 770 895	4 969 231	14 740 126	(1 163 520)	24 373 127
—	PYA-correction of fundamental errors	—	—	—	—	—	—	—	—
—	PYA-change account estimates contribution	(5 420 874)	—	(5 420 874)	(16 025 223)	(2 431 605)	(18 456 828)	—	(23 677 702)
16 514 650	**Total prior-years' adjustments**	**(17 953 032)**	**1 656 427**	**(16 296 605)**	**(6 254 328)**	**2 537 626**	**(3 716 702)**	**(1 163520)**	**(21 176 827)**
3 421 789	**Reclassifications between funds**	**(285 463)**	**424 440**	**138 977**	**16 356**	**(155 333)**	**(138 977)**	**—**	**—**
19 936 439	**Total adjustments**	**(18 238 495)**	**2 080 867**	**(16 157 628)**	**(6 237 972)**	**2 382 293**	**(3 855 679)**	**(1 163 520)**	**(21 176 827)**
37 250 059	**Excess (shortfall) of income over expenditure**	**2 368 536**	**(1 412 433)**	**956 103**	**(58 434 604)**	**27 666 020**	**(30 768 584)**	**(1 359 324)**	**(31 171 804)**
(10 000 000)	**Transfer from reserve for exchange rate fluctuations**	—	—	—	—	—	—	—	—
164 373 886	**Total working capital fund balances and reserves as at 31.12.2007**	**42 695 394**	**1 167 401**	**43 862 795**	**6 427 618**	**68 380 287**	**74 807 905**	**(6 645 446)**	**112 025 254**

[a] Please refer to note 16.

[b] Please refer to note 16.

[c] Please refer to note 2.

Statement 6

Non-regular fund projects statement of income, expenditure and changes in fund balances for the biennium 2006-2007

(In United States dollars)

Biennium 2004-2005	*Details*	*Note*	*Post-1999 projects*	*Other projects*	*Microcredit community support programme*	*Disengagement projects in Gaza*	*Emergency situation in Lebanon*	*Camps improvement initiative in Lebanon*	*Grand total*
	INCOME								
	Contributions:								
51 445 491	Contributions by Governments		27 399 984	—	—	9 929 226	41 872 246	10 162 397	89 363 853
15 788 395	Contributions by intergovernmental organizations		28 443 357	4 630 934	—	—	3 933 405	1 995 205	39 002 901
208 402	Contributions by United Nations agencies		891 285	—	—	—	5 226 229	—	6 117 514
368 346	Contributions by non-governmental organizations		7 396 593	—	—	—	3 850 456	—	11 247 049
45 851	Contributions from other sources	5	152 550	—	—	—	23 854	—	176 404
67 856 485	**Total contributions**[a]		**64 283 789**	**4 630 934**	—	**9 929 226**	**54 906 190**	**12 157 603**	**145 907 722**
	Other income								
292 671	Miscellaneous income	6	—	—	479 004	—	—	—	479 004
292 671	**Total other income**		—	—	**479 004**	—	—	—	**479 004**
68 149 156	**TOTAL INCOME**		**64 283 789**	**4 630 934**	**479 004**	**9 929 226**	**54 906 190**	**12 157 603**	**146 386 726**
(52 566 677)	**EXPENDITURE**[b]	1 (f)	(69 175 887)	(724 058)	(254 053)	(22 646 697)	(23 750 878)	(2 169 132)	(118 720 705)
15 582 479	**EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE**		(4 892 118)	3 906 876	224 951	(12 717 471)	31 155 313	9 988 471	27 666 020
7 233 274	Adjustments[c]	16	3 446 597	781 173	—	(1 740 317)	(105 159)	—	2 382 293
22 815 753	**NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE**		(1 445 522)	4 688 048	224 951	(14 457 788)	31 050 154	9 988 471	30 048 314
15 516 221	Fund balances as at 01.01.2006		27 908 984	(4 472 233)	—	14 384 439	—	—	37 821 190
37 821 190	**Fund balances as at 31.12.2007**		26 463 462	215 815	510 784	(73 349)	31 050 154	9 988 471	68 155 337
510 784	**Retained earnings**				224 951				224 951
38 331 974	**Total fund balances as at 31.12.2007**		**26 463 462**	**215 815**	**735 734**	**(73 349)**	**31 050 154**	**9 988 471**	**68 380 287**

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[a] Please refer to note 18.

[b] Please refer to appendices 1, 2 and 3.

[c] Please refer to statement 5 and note 16.

Statement 7

Non-regular fund projects assets and liabilities statement as at 31 December 2007

(In United States dollars)

As at 31 December 2005	Details	Note	Post-1999 projects	Other projects	Microcredit community support programme	Disengagement projects in Gaza	Emergency situation in Lebanon	Camps improvement initiative in Lebanon	Grand total
	ASSETS:								
34 189 923	Cash on hand and in banks	10	35 183 571	272 307	1 138 781	11 114 293	30 146 471	9 551 370	87 406 793
15 221 293	Contributions receivable	11&16	22 353 785	—	—	—	6 974 544	5 125 364	34 453 693
2 852 375	Accounts receivable	12	1 481 596	55 333	2 155 048	569 613	233 518	54 498	4 549 607
1 589	Prepaid expenses and advances to suppliers		10 752	—	—	16 991	—	—	27 743
52 265 180	**TOTAL ASSETS**		**59 029 705**	**327 640**	**3 293 829**	**11 700 897**	**37 354 533**	**14 731 232**	**126 437 836**
	LIABILITIES:								
6 495 593	Accounts payable	14	1 280 426	(3 489)	216 971	66 817	698 070	125 936	2 384 731
5 246 057	Reserve for unliquidated budget commitments	15	20 756 830	115 314	7 513	11 707 429	4 148 583	772 803	37 508 472
—	Advance contributions		10 528 986	—	—	—	1 457 726	3 844 023	15 830 735
11 741 650	**Accounts payable and accruals**		32 566 242	111 825	224 484	11 774 246	6 304 379	4 742 762	**55 723 938**
	RESERVES:								
37 821 190	Fund balances		26 463 462	215 815	510 784	(73 349)	31 050 154	9 988 471	68 155 337
510 784	Retained earnings		—	—	224 951	—	—	—	224 951
2 191 557	Capital reserve — MCSP		—	—	2 333 611	—	—	—	2 333 611
52 265 180	**TOTAL LIABILITIES AND RESERVES**		**59 029 705**	**327 640**	**3 293 829**	**11 700 897**	**37 354 533**	**14 731 232**	**126 437 836**

B. Appendices, annex and notes to the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Appendix 1

Regular budget expenditure for the biennium 2006-2007

(in United States dollars)

Biennium 2004-2005	*Programme*	*Cash*	*In kind*	*Total*
	Education services			
15 053 818	Education programme management	19 136 172	638 854	19 775 026
—	Depreciation expenditure — education	3 589 984	—	3 589 984
—	Expenditure credits of capitalization	(9 455 343)	—	(9 455 343)
100 056	Programme support cost	1 712 545	—	1 712 545
	General education:			
217 095 220	Elementary education	252 654 325	2 343 118	254 997 443
147 749 861	Preparatory education	177 962 598	887 024	178 849 621
3 821 867	Secondary education	5 985 839	54	5 985 893
	Vocational and professional training:			
4 747 575	Gaza training centre	14 080 808	5 626	14 086 434
4 849 193	Siblin training centre	4 875 588	268	4 875 856
3 377 710	Damascus training centre	2 510 015	14 868	2 524 884
4 373 555	Wadi Seir training centre	4 696 776	100	4 696 876
2 768 942	Amman training centre	3 003 780	—	3 003 780
3 641 872	Kalandia training centre	4 016 798	5 208	4 022 006
3 283 429	Ramallah men's training centre	2 978 261	4 745	2 983 006
4 538 383	Ramallah women's training centre	4 944 545	3 012	4 947 557
2 180 058	Pre-service teacher education	2 750 603	17 972	2 768 575
417 581 540	**Education services total**	**495 443 295**	**3 920 848**	**499 364 143**
	Health services			
6 647 684	Health programme management	4 962 078	611 747	5 573 825
—	Depreciation expenditure — health	1 679 795	—	1 679 795
—	Expenditure credits of capitalization	(429 318)	—	(429 318)
—	Programme support cost	57 200	—	57 200
	Medical care service:			
4 386 318	Laboratory services	5 861 925	4 750	5 866 675
45 922 676	Out-patient services	55 205 473	1 505 940	56 711 412
5 313 599	Maternal and child health	5 961 317	354 326	6 315 643
9 882 469	Disease prevention and control	10 479 138	1 398 514	11 877 652
1 567 808	Physical rehabilitation	1 758 878	—	1 758 878
4 132 002	Dental care	5 685 645	1 341	5 686 985
1 060 967	School health services	1 084 872	—	1 084 872
20 504 989	General hospitals	23 763 942	—	23 763 942
2 202 881	Qalqilia hospital	2 939 305	25 742	2 965 047

Biennium 2004-2005	*Programme*	*Cash*	*In kind*	*Total*
	Environmental sanitation:			
225 525	Sewage and drainage	735 021	—	735 021
19 168 460	Solid waste management	23 368 680	337	23 369 017
1 516 006	Water supply	1 709 081	174	1 709 256
5 267 160	**Supplementary feeding**	2 849 252	2 611 315	5 460 567
695 438	**Environmental health administration**	915 149	—	915 149
128 493 982	**Health services total**	**148 587 432**	**6 514 186**	**155 101 618**
	Relief and social services			
3 459 415	Relief programme management	3 928 474	8 469	3 936 943
1 332 326	Programme support cost	1 439 243	—	1 439 243
	Relief services:			
53 565 748	Special hardship assistance	49 680 162	7 878 155	57 558 317
2 503 076	Eligibility and registration of Palestine refugees	2 752 145	—	2 752 145
11 926	Quality control	25	935	960
2 332 216	Ration distribution costs	2 505 880	145 468	2 651 348
	Social services:			
1 063 815	Community development	1 002 682	1 840	1 004 522
188 729	Youth activities	193 696	1 467	195 163
1 074 313	Women in development	1 114 514	19 473	1 133 987
1 419 299	Disability programme	1 577 778	88 454	1 666 231
783 217	Rehabilitation Centre for visually impaired	920 424	12 887	933 311
45 005	Micro-credit support programme and self-supporting units	383 034	—	383 034
1 190 832	Poverty alleviation	744 080	—	744 080
68 969 919	**Relief and social services total**	**66 242 136**	**8 157 147**	**74 399 284**
	Technical and operational services			
544 256	Technical and operational services management	525 412	—	525 412
651 084	Programme support cost	1 104 506	—	1 104 506
	Procurement and logistics:			
6 074 207	Procurement and logistics administration	7 098 827	28 889	7 127 716
8 284 127	Passenger transport	10 628 567	3	10 628 570
4 244 252	Freight transport	4 674 860	29 211	4 704 071
7 408 309	Purchase of supplies for inventory	3 627 336	(5 615 918)	(1 988 582)
2 390 762	Vehicle maintenance	2 581 447	—	2 581 447
2 361 653	Port operations	2 197 202	7 166	2 204 369
41 155	Procurement and inventory management system	658 350	—	658 350
54 828	Maintenance of generators and pumps	50 844	—	50 844
4 798 968	**Information systems services**	5 618 610	22 235	5 640 845
	Engineering services:			
—	Infrastructure and camps development management	336 138	—	336 138
6 868 161	Engineering and construction services	8 130 218	—	8 130 218
252 653	Camp improvement	295 195	—	295 195

Biennium 2004-2005	*Programme*	*Cash*	*In kind*	*Total*
—	Enterprise infrastructure	53 621	—	53 621
(4 199)	**Production units — Gaza**	53 335	4 266	57 602
43 970 215	**Technical and operational services total**	**47 634 469**	**(5 524 147)**	**42 110 322**
	General Management:			
7 403 354	Field office administration	12 407 599	1 300	12 408 899
3 404 122	Area administration	3 881 855	—	3 881 855
1 794 864	Camp services administration	1 929 983	—	1 929 983
4 616 749	Protective services	5 549 307	—	5 549 307
246 998	Projects Unit	380 163	—	380 163
3 785 080	Agency administration	4 797 144	—	4 797 144
1 987 399	Public information	2 297 847	—	2 297 847
2 863 729	External relations	3 518 061	—	3 518 061
1 143 871	Policy Analysis Unit	896 604	—	896 604
1 927 931	Internal and external audit services	2 168 832	—	2 168 832
3 378 726	Legal services	4 072 043	—	4 072 043
487 419	Operations and refugees affairs officers	784 823	—	784 823
2 293 859	Psychosocial support programme	4 823 950	369	4 824 320
408 341	Office of Director of Operational Support	1 179 390	—	1 179 390
59 632	UNRWA Cairo office	112 520	—	112 520
—	UNRWA Representative Office, Brussels	94 647	—	94 647
680 139	UNRWA Representative Office, Geneva	797 635	—	797 635
895 968	UNRWA Representative Office, New York	1 110 817	—	1 110 817
	Administration:			
1 105 790	Administration and Human Resources Office	1 200 481	—	1 200 481
11 372 860	Administrative services	11 743 095	432	11 743 527
—	Advisory Commission secretariat	450 022	—	450 022
826 877	Compensation and management services	1 235 248	—	1 235 248
977 139	Finance and administrative system projects	601 121	—	601 121
9 307 609	Financial services	9 909 159	—	9 909 159
4 974 058	Personnel services	6 074 915	—	6 074 915
4 673	Provident Fund secretariat	0	—	0
600 667	Staff training and development	1 965 045	—	1 965 045
—	**Depreciation expenditure — administration**	1 046 602	—	1 046 602
8 148 581	**Liquidated commitments under food commodities**	8 738 242	—	8 738 242
—	**Expenditure credits of capitalization**	859 525	—	859 525
(24 275 215)	**Programme support cost**	(36 448 313)	—	(36 448 313)
50 421 220		**58 178 362**	**2 101**	**58 180 463**
709 436 875	**Common services total**	**816 085 695**	**13 070 135**	**829 155 830**

Appendix 2

Expenditure breakdown for the biennium 2006-2007

(in United States dollars)

		Regular budget funds			Non-regular budget funds				
Biennium 2004-2005	*Expenditure category*	*Cash*	*In kind*	*Total*	*Emergency appeal*	*Projects*	*Total*	*Microfinance and microenterprise programme*	*Grand total*
43 891 825	International staff costs	41 288 885	1 238 106	42 526 991	3 774 595	3 193 652	6 968 247	377 838	49 873 076
561 676 160	Area staff costs	618 330 003	—	618 330 003	67 430 670	11 532 427	78 963 097	4 300 733	701 593 833
158 002 719	Purchase of inventory supplies	83 481 539	11 220 100	94 701 639	102 680 000	10 972 532	113 652 532	328 872	208 683 043
—	Purchase of non-inventory items	1 151 528	—	1 151 528	—	1 031	1 031	39 534	1 192 092
16 369 155	Premises	16 006 159	201 947	16 208 106	599 968	411 437	1 011 406	634 371	17 853 883
91 782 354	Equipment and construction	27 866 330	331 959	28 198 289	63 139 309	61 266 268	124 405 577	—	152 603 866
91 862 125	Services	57 376 092	78 023	57 454 115	43 574 752	23 801 170	67 375 922	1 135 138	125 965 175
63 851 027	Subsidies	36 403 844	—	36 403 844	70 288 359	7 536 788	77 825 147	—	114 228 991
(31 706 123)	Programme support costs and income from other services	(52 871 337)	—	(52 871 337)	—	—	—	122 975	(52 748 362)
—	Adjustments of building capitalization	(4 301 139)	—	(4 301 139)	—	—	—	—	(4 301 139)
(4 121 111)	Income charges to expenditure	(6 953 121)	—	(6 953 121)	—	—	—	—	(6 953 121)
(4 112 805)	Transfer to expenditure	(1 693 089)	—	(1 693 089)	—	5 401	5 401	1 954 549	266 861
987 495 326	**Total expenditure**	**816 085 695**	**13 070 135**	**829 155 830**	**351 487 653**	**118 720 705**	**470 208 359**	**8 894 010**	**1 308 258 199**

Appendix 3

Statement of income, expenditure and fund balances by project for the biennium 2006-2007

(in United States dollars)

Funds/projects	*Balance as at 01.01.2006*	*Surplus/deficit*			*Prior years' adjustments*	*Fund balance as at 31.12.2007*
		Income	*Expenditure*	*Surplus/deficit*		
Regular budget funds						
General fund — cash	2 381 774	548 822 321	(573 199 631)	(24 377 309)	(24 055 623)	(46 051 158)
Other cash funding (PSC and other income)	34 305 629	—	28 372 608	28 372 608	(111 551)	62 566 685
General Fund — Cash subtotal	**36 687 402**	**548 822 321**	**(544 827 022)**	**3 995 299**	**(24 167 174)**	**16 515 527**
Restricted funds under regular budget:						
Funded by UNESCO	(52 239)	248 078	(195 839)	52 239	(0)	—
Funded by WHO	87 197	200 000	(272 889)	(72 889)	—	14 308
Protection Officer (P4), HQ Gaza	—	—	(300 996)	(300 996)	—	(300 996)
Engineering costs of construction and maintenance projects	—	—	(2 408)	(2 408)	—	(2 408)
Former emergency appeal activities	0	—	(4 829 526)	(4 829 526)	—	(4 829 526)
Extra costs regarding area staff health insurance	(0)	—	(977)	(977)	—	(977)
Contingency plan, West Bank	—	—	(1 074 437)	(1 074 437)	—	(1 074 437)
Organizational development activities	—	—	(40 123)	(40 123)	—	(40 123)
EU cash in lieu of food commodities	271 319	—	(1)	(1)	(271 318)	—
Funded from PLO	(274 156)	—	—	—	—	(274 156)
UNRWA education and health programmes funded by European Community	(7 710 599)	167 688 770	(164 311 612)	3 377 158	—	(4 333 441)
To sustain/reinforce the health programme in the West Bank and Gaza	—	2 688 172	(2 688 172)	0	(0)	0
General Fund programmes including education, health, and Relief and Social Services	—	2 898 551	(2 898 551)	(0)	0	(0)
General Fund programmes in Lebanon	—	1 297 017	(1 297 017)	(0)	0	0
General Fund programme: teacher training college in Gaza	—	737 463	—	737 463	—	737 463
Budgeted income and expenditure of UNRWA schools voluntary contributions	88 518	384 347	(286 006)	98 341	—	186 859
Food security programme implementation in Gaza and West Bank	—	499 930	(201 023)	298 907	—	298 907

Funds/projects	*Balance as at 01.01.2006*	*Surplus/deficit* *Income*	 *Expenditure*	 *Surplus/deficit*	*Prior years' adjustments*	*Fund balance as at 31.12.2007*
Procurement of wheat flour for Gaza Strip	—	—	—	—	157 720	157 720
Regular food security programme to feed the poorest of the refugees in Gaza	—	249 965	(2 083)	247 882	—	247 882
EC 2004 food aid (2005 implementation)	(818 148)	—	(869 184)	(869 184)	4 321	(1 683 012)
EC 2005 food aid (2006 implementation)	—	15 647 059	(16 315 173)	(668 114)	—	(668 114)
EC 2006 food aid (2007 implementation)	—	18 768 815	(18 058 645)	710 170	—	710 170
France 2005 food aid: regular food aid to Palestine refugees in Lebanon, Syria and Jordan: procurement of whole milk powder	1 201 923	—	(989 723)	(989 723)	—	212 200
Regular food aid to Palestine refugees in Gaza, Lebanon, Syria, Jordan and West Bank: procurement of rice (including transportation, distribution and related costs)	—	1 256 281	(1 240 688)	15 593	—	15 593
Procurement of whole milk, regular food aid to Palestine refugees in Gaza, Lebanon, Syria, Jordan and West Bank: procurement of whole milk and sunflower oil (including transportation, distribution and related costs)	—	1 344 086	(20 641)	1 323 445	—	1 323 445
Japan 2006 food aid, procurement of wheat flour and/or pulses	—	4 310 345	(4 068 125)	242 220	—	242 220
Japan 2006 food aid	—	4 237 290	(2 607 162)	1 630 128	—	1 630 128
Japan 2007/2008 food aid	—	4 347 825	(193 651)	4 154 174	—	4 154 174
Belgium 2005 food aid, regular food aid to Palestine refugees in Gaza, Lebanon, Syria, Jordan and West Bank	—	1 275 504	(1 227 086)	48 419	—	48 419
Belgium 2007 food aid, to purchase food for distribution in the Gaza Strip, Lebanon, Syria, the West Bank and Jordan in 2007-2008	—	1 504 782	(1 385 525)	119 257	—	119 257
Procurement of whole milk and sunflower oil, regular food aid to Palestine refugees in Gaza, Lebanon, Syria, Jordan and West Bank: procurement of whole milk and sunflower oil (including transportation, distribution and related costs)	—	1 362 398	(30 761)	1 331 637	—	1 331 637
Regular food aid programme in the occupied Palestinian territory	—	437 318	—	437 318	—	437 318
UNRWA organizational development initiative programme	—	10 909 703	(2 789 776)	8 119 927	738 357	8 858 284

Funds/projects	Balance as at 01.01.2006	Surplus/deficit Income	 Expenditure	 Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Production Units in Gaza	736 037	114	(51 135)	(51 021)	—	685 016
Special contribution to UNRWA for emergency needs in the Gaza Strip for vocational training centre	2 533 816	4 700 704	(5 826 803)	(1 126 099)	—	1 407 718
Special contribution to UNRWA for emergency needs in the Gaza Strip for vocational training centre	279 990	3 648	(311 095)	(307 447)	—	(27 458)
Special contribution to UNRWA for emergency needs in the Gaza Strip for schools	4 389 078	6 000 088	(8 719 592)	(2 719 504)	—	1 669 574
Special contribution to UNRWA, expending the Agency's psychological support Programme	2 079 205	1 919 828	(4 108 251)	(2 188 423)	—	(109 218)
Establishment of Rafah training centre, Gaza Strip	141 272	—	(72 074)	(72 074)	—	69 198
For activities in Gaza	581 000	—	(577 199)	(577 199)	—	3 801
Post-Gaza disengagement projects in Gaza and the West Bank	10 385 757	596 091	(9 248 341)	(8 652 250)	—	1 733 506
Gaza disengagement projects	4 964 471	—	(4 964 471)	(4 964 471)	0	—
Running costs of microfinance and microenterprise programme	—	—	2	2	(2)	(0)
Solidarity group lending product/Palestine, Gaza	—	—	32	32	—	32
Microfinance and income generation: supporting sustainable livelihoods and durable income through microenterprise credit	—	—	(25 396)	(25 396)	—	(25 396)
Provision of furniture and equipment for the regional office of the microfinance and microenterprise programme in Jordan	—	—	33	33	—	33
Introduction of new loan product in West Bank	—	56 941	(56 941)	—	—	—
Training/capacity-building, Gaza and West Bank	—	79 241	(79 126)	115	—	115
Market research, product design, savings product, MMD — Gaza and West Bank	—	104 617	(103 557)	1 060	—	1 060
Transformation scoping study, MMD — Gaza and West Bank	—	99 375	(98 315)	1 060	—	1 060
Small and microenterprise training, Gaza	—	(0)	19	19	(19)	0
Microfinance and disengagement, supporting economic recovery and rehabilitation through microenterprise and housing credit	—	18 908	(80 423)	(61 515)	—	(61 515)
United Nations-funded project	52	—	—	—	—	52

Funds/projects	Balance as at 01.01.2006	Surplus/deficit Income	 Expenditure	 Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Liquidation of hard commitments and accrual income	8 630 625	14 350 258	(6 673 198)	7 677 060	(929 262)	15 378 423
Liquidation of hard commitments and accrual income	(5 443 698)	(591 716)	(1 839 978)	(2 431 694)	6 035 414	(1 839 978)
Liquidation of hard commitments and accrual income	(193 468)	114	(8 890)	(8 776)	193 468	(8 776)
Liquidation of hard commitments and accrual income	—	—	(216 176)	(216 176)	—	(216 176)
Restricted funds under regular budget subtotal	**21 877 951**	**269 631 910**	**(271 258 672)**	**(1 626 762)**	**5 928 678**	**26 179 866**
In-kind restricted funds:						
General fund in kind	0	9 553 773	(9 553 773)	(1)	1	(0)
Japanese contribution	3 592 016	22 512	(3 516 362)	(3 493 850)	(98 166)	—
Belgium contribution	47 931	—	—	—	—	47 931
French contribution for flour	186 153	—	—	—	—	186 153
Food aid contribution — United Kingdom	18 843	—	—	—	—	18 843
EC contribution	(1 689 550)	1 166 944	—	1 166 944	522 605	—
Liquidation of hard commitments and accrual income	(1 656 427)	914 473	—	914 473	1 656 427	914 473
In-kind restricted funds subtotal	**498 967**	**11 657 702**	**(13 070 135)**	**(1 412 433)**	**2 080 867**	**1 167 401**
Total regular budget funds	**59 064 320**	**830 111 933**	**(829 155 830)**	**956 103**	**(16 157 629)**	**43 862 795**
Non-regular budget funds **Emergency appeal:** **Emergency appeal — cash:**						
Flash emergency appeal — emergency assistance for X-ray diagnostic service in Gaza	—	—	(871)	(871)	871	—
First emergency appeal — unearmarked contribution	1 808	—	(416)	(416)	(1 391)	0
Emergency appeal, unearmarked February 2001	1 753	—	—	—	(657)	1 096
Third emergency contribution, unearmarked	4 966	—	—	—	(4 966)	0
Food aid; medical and educational services; job creation and cash assistance	46 291	—	—	—	(46 291)	0
Construction and equipping of additional rooms at	3 260	—	—	—	—	3 260

Funds/projects	*Balance as at 01.01.2006*	*Surplus/deficit*			*Prior years' adjustments*	*Fund balance as at 31.12.2007*
		Income	*Expenditure*	*Surplus/deficit*		
Jenin Basic Girls' School — 2nd emergency appeal						
Construction and equipping of additional blocks at Arroub Girls' School — 3rd appeal	6 062	—	—	—	(6 062)	—
Distribution costs of MT 8 030 of flour for Gaza and West Bank — 3rd appeal	133 326	—	—	—	(133 326)	0
2002 emergency appeal — sundry, 4th appeal	172	—	(65)	(65)	(107)	(0)
2002 emergency appeal — Canada	5 961	—	(5 962)	(5 962)	1	—
Unearmarked contributions — 2002, 4th appeal	50 381	—	(43 575)	(43 575)	(8 332)	(1 526)
UNRWA 2002 emergency appeal in Gaza and West Bank — emergency health programme	43 272	—	(43 268)	(43 268)	(4)	0
Various activities in Gaza and West Bank towards 2002 emergency appeal	135 944	—	—	—	(135 944)	0
Unearmarked contributions for 2002 emergency appeal to be used for Jenin camp	77	—	—	—	(77)	0
Emergency appeal earmarked for five UNRWA health centres in West Bank at Askar, Balata, Dheisheh, Tulkarem and Aida camps	1 492	—	—	—	—	1 492
UNRWA's 2002 emergency appeal "Unearmarked contribution to be used to charge the supplementary cost of decentralizing the operations at West Bank field office and equipping the area/sub-area office to facilitate the work	7 396	—	—	—	(2 836)	4 560
Cash subsidies from Jordan field staff members to 2002 emergency appeal in Gaza and West Bank	437	—	—	—	(437)	—
2002 emergency appeal — UNDP staff	569	—	—	—	—	569
2002 emergency appeal for Gaza and West Bank	10 399	—	—	—	(10 399)	—
UNRWA 2002 emergency appeal for food aid component	1 405	—	(1 404)	(1 404)	(1)	—
UNRWA 2002 emergency appeal earmarked towards "Jenin camp rehabilitation" — phase I	867 045	—	(110 061)	(110 061)	(750 968)	6 016
2002 emergency appeal Reporting officer at External Relations Department, HQ(G)	19 018	—	—	—	(19 018)	—
Tuition assistance to Palestine refugee students	25	—	—	—	(25)	—
Rehousing of Refugees whose shelters were demolished in Khan Younis, Gaza — funded from savings under Japanese 1993 special project	2 232	82	(2 314)	(2 232)	(0)	—
Fifth emergency appeal: January-June 2003	88 904	—	—	—	(88 904)	0

Funds/projects	Balance as at 01.01.2006	Surplus/deficit: Income	Surplus/deficit: Expenditure	Surplus/deficit: Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Fifth emergency appeal: Syrian Arab Popular Committee	2 179	—	(1 999)	(1 999)	—	180
Procurement of 6 vehicles (Nissan Terranos) funded by OCHA	2 268	—	—	—	—	2 268
Improvement of health infrastructure in the West Bank	22 001	—	—	—	(22 001)	—
Emergency psychosocial counselling programme in the West Bank, engagement of 50 school counsellors	13 596	—	(13 595)	(13 595)	(1)	—
Rehousing in Rafah	77 116	—	(77 115)	(77 115)	(1)	—
Psychological support to refugee children in the West Bank	183 945	—	(109 594)	(109 594)	—	74 351
Fifth emergency appeal: January-June 2003	141 403	—	(141 386)	(141 386)	(17)	0
Sixth emergency appeal: July-December 2003	488 547	(0)	(378 495)	(378 495)	(110 417)	(365)
Sixth emergency appeal: July-December 2003, VAT refunds from PA from contributions to previous emergency appeals	10	—	—	—	(10)	—
Emergency appeal: July-December	3 875	—	(120)	(120)	(3 755)	—
2003 emergency appeal: July-December 2003	66 916	—	—	—	(66 916)	—
Sixth emergency appeal: July-December 2003	335 899	—	(289 223)	(289 223)	(56 316)	(9 640)
Sixth emergency appeal: July-December 2003	374	—	—	—	(374)	—
Emergency employment creation project in the West Bank occupied Palestinian territory	(35 845)	—	—	—	—	(35 845)
Providing a portable doppler foetal monitor and portable haemoglobinnometer for UNRWA emergency mobile clinic operating in the Palestinian enclaves in the West Bank	42	—	(3)	(3)	(39)	—
Support of psychosocial programme in Palestine	589	56 050	(53 268)	2 782	—	3 371
Rehousing in Rafah	1 466	—	—	—	(1 466)	—
Improvement of health infrastructure in the West Bank	15 711	—	(15 287)	(15 287)	(424)	—
Purchase of medical equipment needed in health centres in the West Bank	1 505	—	(1 443)	(1 443)	(62)	—
Upgrading of the laboratory at Askar health centre and/or the purchase of medical equipment	11 382	—	(5 416)	(5 416)	(5 967)	—

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Shelter rehabilitation for special hardship cases in the Gaza Strip	2 147	—	(111)	(111)	(2 036)	—
Emergency appeal 2004 — sundry	215 708	—	(141 096)	(141 096)	(74 611)	—
2004 emergency appeal — sundry	2 079 838	—	(1 729 957)	(1 729 957)	—	349 881
Seventh emergency appeal: January-December 2004	5 684	—	(3 012)	(3 012)	—	2 672
Transfer of fund balances against previous contributions — Gaza field	6 267	—	(6 263)	(6 263)	(4)	—
2004 emergency appeal in Gaza and West Bank	161 519	—	(127 250)	(127 250)	—	34 269
2004 emergency appeal — Canada	—	—	(17 585)	(17 585)	17 585	—
2004 emergency appeal: January-December 2004	1	—	—	—	(1)	—
Transfer of fund balances against previous contributions, West Bank	984 163	—	(795 558)	(795 558)	73 765	262 370
Self-learning materials in Gaza	12 935	—	(12 935)	(12 935)	(0)	—
Medical equipment and supplies in Gaza	4 541	—	(4 540)	(4 540)	(1)	—
Mobile clinic in the West Bank	634	19	(653)	(634)	(0)	—
Requirements for UNRWA emergency health activities in the West Bank — stage I: medical equipment	3 968	—	(213)	(213)	—	3 755
To extend the operation Support Officer programme in Gaza and West Bank	100 239	—	—	—	(100 239)	—
Food assistance, carry out emergency employment programmes, repair and construct shelters and provide cash assistance to families in dire need	961 387	—	(224 094)	(224 094)	(731 081)	6 212
2004 emergency appeal — France	11 716	—	(6 539)	(6 539)	(5 653)	(475)
Environmental health project/activity in Gaza	138	—	—	—	—	138
2004 emergency appeal, UNRWA international staff	19	—	—	—	(19)	—
Emergency shelter supply assistance	(36 765)	—	—	—	36 765	—
Cost of storage, local transport and insurance of in-kind contribution of canned fish	5 632	—	—	—	(5 632)	—
Emergency food assistance in the Gaza Strip	(308 689)	304 231	—	304 231	4 458	—
VAT refund from contributions to previous emergency appeals	244 875	—	(157 455)	(157 455)	—	87 421
Summer activities for schoolchildren in the West Bank	(19 917)	—	—	—	(12 775)	(32 692)

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
2004 emergency appeal — emergency employment creation in Gaza Strip	(420 938)	422 975	—	422 975	(2 036)	—
Maintenance and upgrading of refugee camps infrastructure through employment generation in the West Bank and shelter rehabilitation for special hardship cases in Gaza	297 981	—	(111 323)	(111 323)	(186 657)	—
2004 emergency appeal — New Zealand	10 663 636	—	(10 157 094)	(10 157 094)	(52)	506 491
2004 emergency appeal — United States of America	1 448 773	—	(263 509)	(263 509)	(1 180 160)	5 104
Rehousing of refugees whose shelters were demolished in Rafah	737 788	—	—	—	28 944	766 732
2004 emergency appeal for the Gaza Strip and West Bank	165 766	22 484	(188 248)	(165 764)	(2)	—
2004 emergency appeal for the Gaza Strip and West Bank	28 079	—	(28 078)	(28 078)	(1)	—
Supplementary appeal for Rafah — New Zealand	18 083	—	(18 082)	(18 082)	(1)	—
Supplementary appeal for Rafah — Canada	—	5 410	(6 147)	(737)	737	(0)
Supplementary appeal for Rafah — United Kingdom	57 264	—	(48 459)	(48 459)	(8 806)	—
Supplementary appeal for Rafah — area staff members	40	—	—	—	(40)	—
Supplementary appeal for Rafah — Belgium	950	—	—	—	(950)	—
Emergency selective cash assistance, emergency relief non-food items and repairs in the Gaza Strip	(48 219)	—	—	—	48 219	—
Supplementary appeal for Rafah — Ireland	296	—	(295)	(295)	(1)	—
2005 emergency appeal — sundry	5 662 706	—	(5 497 288)	(5 497 288)	—	165 417
2005 emergency appeal — sundry	29 739	—	(29 704)	(29 704)	(34)	—
Reconstruction of houses in the Gaza Strip — Flanders/Belgium	12 670	19 763	(32 484)	(12 721)	51	—
Emergency employment in the West Bank (indirect hire) — Belgium	62 663	—	(62 169)	(62 169)	(494)	—
Emergency food aid for the Gaza Strip and West Bank — Belgium	97 744	—	(97 741)	(97 741)	(3)	—
Rehousing Palestine refugee families in Khan Younis — Japan	12 384 887	682 285	(2 688 541)	(2 006 256)	—	10 378 631

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Emergency appeal for indirect hire — Japan	278 078	41	(278 115)	(278 074)	(4)	—
Repair of 645 houses in the Gaza Strip	418 808	—	(398 942)	(398 942)	—	19 866
Repair of 1,700 houses in the Gaza Strip and West Bank	—	—	(86 132)	(86 132)	—	(86 132)
Cost of storage, local transport and insurance related to in-kind contribution	20 627	—	(18 343)	(18 343)	(2 284)	—
2005 emergency appeal — to cover the services of the SRSA team (for three months, two staff, one vehicle)	224 112	—	(90 634)	(90 634)	(133 478)	—
2005 emergency appeal — Sweden	29 431	—	(29 433)	(29 433)	2	—
Rehousing the Palestinian refugees families in Rafah — Saudi Arabia	(18 952)	2 540 701	(6 429 056)	(3 888 355)	—	(3 907 307)
Emergency employment direct hire (Gaza and West Bank) emergency repair of damaged infrastructure and reconstruction of shelters (Gaza)	876 259	45 188	(921 445)	(876 257)	(2)	—
Improving the living conditions of refugees — Canada	71 200	—	(71 198)	(71 198)	(2)	—
2005 emergency appeal — various donors, Palestine	203	—	(202)	(202)	(1)	—
2005 emergency appeal — United States	9 741 146	—	(9 147 541)	(9 147 541)	(593 604)	—
2005 emergency appeal, employment generation programme in the West Bank	1 018 518	907 912	(1 860 332)	(952 421)	(66 097)	—
2005 emergency appeal, emergency food aid in the Gaza Strip	(157 139)	383 301	(195 103)	188 198	(31 059)	—
2005 emergency appeal, emergency food aid in the West Bank	(248 525)	284 836	608	285 445	(36 919)	—
2005 emergency appeal, emergency food aid for Gaza and West Bank	608 319	—	(1 201 921)	(1 201 921)	593 602	—
2005 emergency appeal, housing reconstruction project in Gaza	—	1 813 785	(1 687 441)	126 344	—	126 344
2005 emergency appeal — Netherlands	750 600	17 076	(767 675)	(750 599)	(1)	—
2005 emergency appeal, food aid for the West Bank	3 151 765	—	(3 150 798)	(3 150 798)	(967)	—
2005 emergency appeal, construction of 600 dwelling units in Khan Younis refugee camp	—	3 900 000	(6 823 445)	(2 923 445)	—	(2 923 445)
2005 emergency appeal, mobile clinic services in the West Bank	—	292 308	(292 306)	2	(2)	(0)

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
2005 emergency appeal, psychological counselling for schoolchildren in the West Bank	—	233 218	(233 217)	0	(0)	(0)
2005 emergency appeal, emergency employment creation programme in Gaza (direct hire)	—	604 589	(604 589)	0	(0)	0
2006 emergency appeal — sundry donors	—	20 956 165	(19 478 523)	1 477 641	(8 082)	1 469 560
2006 emergency appeal — sundry donors	—	81 093	(81 092)	1	(1)	(0)
2006 emergency appeal (fund balances under various old projects) — sundry	23 806	—	(54 739)	(54 739)	47 594	16 662
2006 emergency appeal (fund balances under various old projects) — sundry	—	—	(13 338)	(13 338)	108 457	95 119
2006 emergency appeal (psychosocial counselling in the West Bank and the Gaza Strip)	—	241 157	(235 032)	6 125	—	6 125
2006 emergency appeal (provision of remedial education in the West Bank and the Gaza Strip) — United Nations	—	607 785	(607 785)	—	—	—
2006 emergency appeal (social infrastructure in the West Bank and the Gaza Strip) — United Nations	—	477 678	(453 677)	24 001	—	24 001
2006 emergency appeal job creation, indirect hire — Sweden	—	11 552 665	(11 552 661)	4	(4)	(0)
2006 emergency appeal job creation, indirect hire — Spain	—	228 823	(228 156)	668	—	668
2006 emergency appeal — Canada	—	2 010 345	(2 010 341)	4	(4)	(0)
2006 emergency appeal — Canada	—	1 437 931	(1 437 926)	5	(5)	(0)
2006 emergency appeal — sundry donors	—	965	(965)	0	(0)	0
2006 revised emergency appeal — United States	—	45 002 835	(45 643 954)	(641 119)	2 020 454	1 379 335
2006 emergency appeal: mobile health team project in the West Bank — sundry donor	—	137 958	(137 981)	(23)	23	(0)
2006 emergency appeal: emergency food aid in the Gaza Strip — EC	—	3 946 180	(3 826 526)	119 654	(119 654)	0
2006 emergency appeal: Job Creation Programme in the West Bank — EC	—	5 895 146	(5 757 004)	138 142	(138 142)	0
2006 emergency appeal: emergency food aid in Gaza Strip — Spain	—	892 857	(892 854)	3	(3)	0
2006 revised emergency appeal: emergency food aid in the Gaza Strip — United States	—	5 847 165	(5 847 165)	0	(0)	0

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
2006 emergency appeal: emergency employment programme in the Gaza Strip — Belgium	—	768 109	(768 110)	(1)	1	0
2006 emergency appeal: emergency employment programme in West Bank — Belgium	—	549 402	(549 401)	1	(1)	0
2006 emergency appeal: job creation programme in the West Bank — Spain	—	1 256 281	(1 256 278)	3	(3)	(0)
2006 emergency appeal — Australia	—	2 768 625	(2 768 620)	5	(5)	0
2006 emergency appeal: job creation programme in the West Bank — indirect hire	—	376 884	(371 969)	4 915	—	4 915
2006 emergency appeal: emergency health programme and mobile clinic services in the West Bank — Japan	—	525 444	(525 441)	3	(3)	—
2006 emergency appeal: to cover costs related to the Turkish in-kind food aid (flour) — Turkey	—	200 000	(42 280)	157 720	(157 720)	—
2006 emergency appeal: for activities in Gaza — Ireland	—	637 755	(637 755)	0	(0)	(0)
2006 emergency appeal: employment generation project in the West Bank — Japan	—	1 964 055	(1 964 052)	3	(3)	(0)
2006 emergency appeal: emergency health programme in Gaza — Japan	—	1 204 287	(1 155 693)	48 594	—	48 594
2006 emergency appeal: for emergency activities in Gaza — Austria	—	255 102	(255 099)	3	(3)	0
2006 emergency appeal — emergecy food aid in the Gaza Strip — EC	—	7 876 782	(7 633 617)	243 165	(243 165)	0
2006 emergency appeal — UNRWA employment generation in the West Bank — EC	—	8 121 827	(9 650 803)	(1 528 975)	—	(1 528 975)
2006 emergency appeal: for emergency activities in Gaza — Friends of UNRWA Assoiation	—	5 016	(5 016)	—	—	—
2006 emergency appeal for the Gaza Strip and the West Bank — Friends of UNRWA Assoiation	—	3 846	(3 846)	0	(0)	(0)
2006 emergency appeal for the Gaza Strip and the West Bank earmarked for health services — New Zealand	—	497 400	(389 160)	108 240	—	108 240
2006 emergency appeal for the Gaza Strip and the West Bank — Canada	—	3 628 089	(3 628 091)	(2)	2	(0)
2006 emergency appeal: Gaza field emergency food aid programme — Germany	—	1 823 738	(1 823 737)	1	(1)	(0)

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
2006 emergency appeal: for the Gaza Strip and the West Bank — Netherlands	—	2 418 716	(2 418 711)	5	(5)	(0)
2006 emergency appeal: Gaza field emergency food aid programme — Germany	—	658 762	(658 761)	0	(0)	0
2006 emergency appeal: Gaza field emergency food aid programme (to provide basic commodities to 13,481 households throughout the Gaza Strip during the first quarter of 2007 — France	—	636 132	(636 132)	1	(1)	(0)
2006 emergency appeal: food distribution programme and primary health-care centre in the Gaza Strip — Spain	—	127 211	(127 206)	5	(5)	0
2006 emergency appeal: indirect hire in the West Bank — Spain	—	194 291	(194 291)	0	(0)	(0)
2006 emergency appeal: emergency food aid, Gaza — Spain	—	1 318	(1 318)	(0)	0	(0)
Emergency food aid in the Gaza Strip — EC	—	1 011 753	(988 141)	23 611	(23 611)	0
For families of prisoners who have no one else to look after them — sundry donors	—	5 722	(5 722)	(0)	0	0
2006 emergency appeal — emergency health programme in the West Bank — France	—	118 509	(118 506)	3	(3)	(0)
Repair or reconstruct 185 refugee housing units damaged or demolished during Israeli military incursions into northern Gaza	—	2 324 361	(104 885)	2 219 476	—	2 219 476
Emergency shelter repair and reconstruction in Beit Hanoun	—	255 522	(1 038 044)	(782 522)	755 483	(27 039)
2007 emergency appeal fund balances under various old projects to be used for hospitalization in West Bank — Japan	—	—	(22 670)	(22 670)	28 430	5 760
2007 emergency appeal — sundry	—	11 420 320	(8 483 591)	2 936 729	—	2 936 729
2007 emergency appeal — sundry	—	76 848	(33 381)	43 467	—	43 467
2007 emergency appeal (January-December 2007) — United States	—	—	(303 828)	(303 828)	303 828	—
2007 emergency appeal, emergency food aid donation for Gaza	—	438 698	(438 563)	135	—	135
2007 emergency appeal (January-December 2007) — Austria	—	1 000 000	(999 993)	7	(7)	0

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
2007 emergency appeal (January-December 2007) emergency health programme for the Gaza Strip — Japan	—	1 800 000	(904 221)	895 779	—	895 779
2007 emergency appeal (January-December 2007) — Sweden	—	9 616 626	(9 616 618)	8	(8)	(0)
Provision of medical equipment and supplies for the Agency's mobile health clinics, main health centres and Qalqilia hospital, West Bank	—	43 552	(131 635)	(88 083)	191 999	103 916
2007 emergency appeal: staff for emergency health services in the West Bank (January-December 2007) — France	—	—	(48 480)	(48 480)	48 480	—
Emergency food aid in the Gaza Strip 2007 (one round) — EC	—	11 108 071	(13 217 165)	(2 109 094)	—	(2 109 094)
2007 emergency appeal — Canada	—	8 350 125	(8 200 883)	149 242	—	149 242
2007 emergency appeal: job creation project — Norway	—	541 322	(541 321)	1	(1)	0
2007 emergency appeal: job creation project — Canada	—	270 565	(270 565)	—	—	—
2007 emergency appeal: emergency health in the West Bank — Australia	—	2 361 760	(2 028 103)	333 657	—	333 657
2007 emergency appeal: emergency psychosocial support in the Gaza Strip — Australia	—	1 140 160	(1 140 159)	1	(1)	—
2007 emergency appeal: emergency food assistance in Gaza and West Bank — Australia	—	5 241 980	(5 241 979)	1	(1)	(0)
2007 emergency appeal: emergency appeal for the Gaza Strip and the West Bank — United States	—	45 525	(11 236)	34 289	—	34 289
2007 emergency appeal: Job creation programme, West Bank — EC	—	7 629 428	(8 026 983)	(397 556)	—	(397 556)
2007 emergency appeal: emergency food aid distribution in Gaza and the West Bank — Germany	—	943 804	(501 788)	442 016	—	442 016
Emergency food aid in Gaza and the West Bank — United States	—	10 000 000	(3 314 581)	6 685 419	—	6 685 419
2007 emergency appeal in Gaza and the West Bank — United States	—	28 206 216	(13 343 044)	14 863 172	—	14 863 172
2007 emergency appeal: job creation project in the West Bank — Norway	—	285 124	(268 520)	16 604	—	16 604
2007 emergency appeal: indirect hire in the West Bank — Spain	—	—	(13 513)	(13 513)	—	(13 513)

Funds/projects	Balance as at 01.01.2006	Surplus/deficit: Income	Surplus/deficit: Expenditure	Surplus/deficit: Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
2007 emergency appeal: for activities in Gaza — Denmark	—	907 441	(687 655)	219 786	—	219 786
2007 emergency appeal: psychosocial support activities in Gaza — Belgium	—	307 798	(142 651)	165 147	—	165 147
2007 emergency appeal: emergency job creation programme — direct hire in Gaza	—	1 025 986	(1 025 949)	37	(37)	(0)
2007 emergency appeal: emergency job creation programme — direct hire in the West Bank	—	1 025 986	(1 022 334)	3 652	—	3 652
2007 emergency appeal: operation support officer programme, West Bank — United States	—	2 152 367	(514 305)	1 638 062	—	1 638 062
2007 emergency appeal: operations support officer programme, Gaza Strip — United States	—	1 395 205	(495 650)	899 555	—	899 555
Job creation programme in the West Bank — United States	—	8 246 212	(2 879 974)	5 366 238	—	5 366 238
Emergency food assistance in the Gaza Strip	—	1 000 000	(1 000 000)	0	(0)	(0)
Emergency food assistance in the West Bank: distribution of food parcels during Ramadan	—	249 982	(249 968)	14	(14)	—
2007 emergency appeal: emergency humanitarian aid to the Gaza Strip (food, fuel and medication)	—	4 201 727	(1)	4 201 726	—	4 201 726
2007 emergency appeal: emergency medical supplies for the Gaza Strip — France	—	929 078	—	929 078	—	929 078
Hospitalization services in the West Bank for vulnerable refugees	—	489 362	(412 500)	76 862	—	76 862
Emergency food aid programme, 2007 emergency appeal — third round, Gaza	—	1 474 926	(1 474 925)	1	(1)	—
Emergency food aid in Gaza — fourth round	—	432 277	(301)	431 976	—	431 976
Emergency food aid in Gaza — third round	—	—	(655 248)	(655 248)	—	(655 248)
2007 emergency appeal — Belgium	—	38 026	—	38 026	323 954	361 980
Emergency job creation programme (direct hire) in Gaza — Spain	—	—	(1 667 849)	(1 667 849)	—	(1 667 849)
Emergency cash assistance, Gaza — Spain	—	—	(165 667)	(165 667)	—	(165 667)
Purchase of medicines for health-care centres in Gaza — Hungary	—	21 600	—	21 600	—	21 600
2007 emergency appeal: emergency food aid in the West Bank — Germany	—	497 118	—	497 118	—	497 118

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Liquidation of hard commitments (HCs) and accrual income	15 910 818	12 604 087	(62 590 281)	(49 986 194)	(5 527 963)	(39 603 339)
Emergency appeal — cash subtotal	**71 100 194**	**289 587 241**	**(348 107 044)**	**(58 519 803)**	**(6 237 972)**	**6 342 419**
Emergency appeal — in kind:						
2006 emergency appeal: in-kind donation (flour) for the Gaza Strip and the West Bank	—	1 051 880	(1 051 880)	—	—	—
2006 emergency appeal (January-December 2006)	—	824 392	(824 392)	—	—	—
2007 emergency appeal (January-December 2007) various cash donations received	—	1 504 338	(1 504 338)	—	—	—
Liquidation of housing credit and accrual income	—	85 199	—	85 199	—	85 199
Emergency appeal — in kind subtotal	**—**	**3 465 809**	**(3 380 610)**	**85 199**	**—**	**85 199**
Emergency appeal total	**71 100 194**	**293 053 049**	**(351 487 653)**	**(58 434 604)**	**(6 237 972)**	**6 427 618**
Projects:						
Post 1999 projects:						
Technical assistance in education planning — in kind donation	22 145	137 624	(71 569)	66 055	3 002	91 202
Computer and information technology initiative	19 474	—	—	—	(19 474)	—
UNRWA education management information system	17 733	—	(7 383)	(7 383)	—	10 350
Running costs of the existing four kindergartens in Lebanon	7 884	177 840	(178 247)	(407)	—	7 477
UNRWA Liaison Office in Geneva	2 093	—	(1 270)	(1 270)	(823)	—
Project manager for family files — refugees registration information system	18 520	—	(8 422)	(8 422)	—	10 098
Junior Professional Officer, Marlene Arce Camp — Public Information and Project Officer	4 568	—	—	—	(2 006)	2 562
Reconstruction of science laboratory/learning resource centre at Safsaf Elementary/Tiberias Preparatory Boys' School	24 621	—	—	—	(24 621)	—
Construction and equipping Beit Jala and Bir Zeit Co-education School in Saida area	(28 652)	—	—	—	—	(28 652)
Dera'a — reconstruction of the Dera'a children's rehabilitation centre	(36 030)	—	—	—	36 030	—
Scholarship fund for Palestine refugee women in Lebanon	132 566	686 083	(811 501)	(125 417)	—	7 149

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Dental instruments for Zarka and Baqa'a health centre	—	—	(108)	(108)	108	—
Junior Professional Officer Projects Officer at External Relations Department	5 196	—	—	—	(5 196)	—
Upgraded response access; one Legal Officer and one Admin. Officer	5 640	—	—	—	—	5 640
Computer information and technology initiative phase IV	14 103	—	—	—	(14 103)	—
Development of English language ability, English for empowerment for instructors and trainers at vocational training centres	207	—	—	—	(207)	—
Improvement of Home Economics Unit at Rafah Preparatory A Girls' School	—	—	(31 888)	(31 888)	31 888	—
Development of Library at Rimal Preparatory Girls and Gaza elementary C Co-education School	—	—	(21 151)	(21 151)	21 151	—
Construction of physiotherapy unit at Rafah Health Centre	—	—	(13 150)	(13 150)	13 150	—
Construction of physiotherapy unit at Khan Younis health centre	—	—	(11 714)	(11 714)	11 714	—
Cost of immuno-suppressant medications needed by persons who have received kidney transplants	106	—	(106)	(106)	0	—
Provision of school furniture and equipment for Jarash Elementary and Preparatory Boys' School in Jordan	—	—	(2 138)	(2 138)	2 138	—
Environmental and sanitation project, Gaza Strip and West Bank refugee camps	(512 763)	1 839 475	(2 453 447)	(613 972)	—	(1 126 735)
School construction and expansion programme in Lebanon "Reconstruction and equipping of Naqab Preparatory School, Rashidieh camp"	2 015	—	—	—	(2 015)	—
Construction and equipping of Jabalia Elementary C and Ayoubiya Boys' School	38	—	—	—	(38)	—
Junior Professional Officer post of "research officer", in West Bank	(13 059)	19 076	(6 017)	13 059	(0)	—
Rehabilitation of premises and roads at Siblin training centre in Lebanon	280	—	(279)	(279)	(1)	—
Establishing of banking and financial management course at Damascus training centre	5 909	1 298	(7 206)	(5 908)	(1)	—
Operations Support Officer programme in the West Bank and international programme and Liaison Officer for the Gaza Strip	15 716	—	—	—	(15 716)	—

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Income generation opportunity for the community centre in Shu'fat refugee camp, supplementary arrangement to the arrangement towards "Establishing a community centre at Shu'fat camp"	6 068	—	(6 019)	(6 019)	(49)	—
Introduction of clothing technology course at the Damascus training centre	47 782	—	(43 933)	(43 933)	(3 848)	—
Enhancing the Agency's Public Information Office's communication capacity: posts, training and equipment needs	5 445	—	(5 444)	(5 444)	(2)	—
Construction and furnishing of up to 18 additional classrooms at Bureij Preparatory Boys' School	83 236	31 734	(114 969)	(83 235)	(0)	—
Construction of five additional classrooms and provision of computers to the laboratory at Nimrin Preparatory School, Lebanon	1 870	31	(1 902)	(1 871)	1	—
Construction of Nuseirat pumping station, Gaza	842 267	92 264	(934 531)	(842 267)	(1)	—
Construction of five classrooms, conversion of two old classrooms into two admin. rooms and furnishing of three classrooms at Nuseirat Prep. "A" Girls' School	—	—	(14 397)	(14 397)	14 397	—
Water supply and sanitation in support of two Palestinian refugee camps, Kan Danour/Khan Eshieh	936 688	5 195 359	(1 782 763)	3 412 596	—	4 349 285
Palestine refugees records project	797 567	—	(369 518)	(369 518)	—	428 049
Introduction of the 10th grade in UNRWA schools within Jerusalem municipal boundaries	104 934	—	(103 882)	(103 882)	(1 053)	—
Palestinian refugees registration project	(173 720)	—	(678 379)	(678 379)	(11 826)	(863 925)
Reconstruction of Rimal health centre, Gaza	(968)	240 511	(270 037)	(29 526)	—	(30 494)
Construction of additional classrooms at Deir Ammar Boys' School, West Bank	(39 570)	—	—	—	—	(39 570)
Self-help shelter rehabilitation in the West Bank	(84 224)	31 020	0	31 021	628	(52 575)
Equipping and furnishing of a toy library at Jabalia women's training centre, Gaza	8 651	—	(5 939)	(5 939)	—	2 712
Computer Information Technology Initiative, Use of unexpended balances under phases I-IV	42 937	—	(42 933)	(42 933)	(4)	—
Promoting basic human rights, conflict resolution and tolerance in UNRWA schools for the school year 2003/04	3 348	—	(95)	(95)	(3 252)	—
Operations Support Officer programme, West Bank	78 731	—	—	—	(78 731)	—
Operations Support Officer programme, Gaza Strip	63 290	—	—	—	(63 290)	—

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Neirab rehabilitation projects: phase I	18 689	—	(18 680)	(18 680)	130 618	130 627
Computer information technology initiative phase V	213 951	—	(79 322)	(79 322)	43 093	177 722
Reconstruction of the sanitation office in Nuseirat camp	—	—	(16 060)	(16 060)	16 060	—
Reconstruction of the sanitation office in Bureij camp	—	—	(9 890)	(9 890)	9 890	—
Construction of a physiotherapy clinic at the Bureij health centre	—	—	(16 488)	(16 488)	16 488	0
Palestinian refugees registration project	692 319	—	(417 458)	(417 458)	—	274 861
Development of sport activities, purchase of equipment and improvement of local sport infrastructure in refugee camps (Ramallah and Jericho)	20 408	—	(12 670)	(12 670)	—	7 738
Supporting UNRWA education programmes and activities with focus on higher education, Lebanon	625	50 000	(45 770)	4 230	—	4 855
Establishment of hearing impaired unit at Hussinyeh, Syria	71	—	—	—	(71)	—
Meeting the humanitarian needs of the Palestine refugees in the Near East	56 224	—	—	—	(56 224)	—
Construction and equipping of 14 classrooms, one computer laboratory and one shed at Zaitoun Preparatory Girls' and Elementary "C" Co-educational School in Gaza	64 030	7 366	(10 447)	(3 081)	(60 950)	—
Construction and equipping of three classrooms, one computer laboratory and one shed at Nuseirat Preparatory "C" and Elementary Boys' School in Gaza	19 630	3 137	(83 711)	(80 574)	60 944	—
Introduction of associate nursing course (Jordan field)	120 811	10 691	(74 823)	(64 132)	(17)	56 662
Japan scholarship programme	250 171	17 433	(181 324)	(163 891)	3 669	89 948
JPO position in Lebanon projects office	17 550	—	—	—	—	17 550
Improved access to education for disabled refugee children in camps in Lebanon	31 856	1 079	(32 880)	(31 801)	(55)	—
Procurement of medical equipment for the Italian hospital in Damascus	58 724	—	(58 554)	(58 554)	—	170
Assistance to UNRWA activities in the health sector	142 823	—	(142 820)	(142 820)	(2)	—
Additional works for central public health laboratory in Ramallah, West Bank	25 974	—	—	—	(25 974)	—
Palestine refugees registration project	769 233	172 414	(398 986)	(226 572)	—	542 661
Rehabilitation of Neirab camp and development of Ein El Tel camp programme, Syrian Arab Republic	2 380 137	2 376 611	(3 755 018)	(1 378 407)	—	1 001 730

Funds/projects	*Balance as at 01.01.2006*	*Surplus/deficit*			*Prior years' adjustments*	*Fund balance as at 31.12.2007*
		Income	*Expenditure*	*Surplus/deficit*		
Implementation of comprehensive solid waste management in Nahr El Bard and Baddawi camps, improvement of the drainage system and provision of a water reservoir for nine schools in Nahr El Bared camp Lebanon	(75 284)	75 283	—	75 283	1	—
UNESCO — 2004 Education	141	—	(139)	(139)	(2)	—
Junior Officer position in the West Bank, Field Officer/Reporting Officer	(9 094)	116 733	(75 942)	40 791	—	31 697
Junior Officer position in the Syrian Arab Republic, Field Officer/Projects Officer	70 489	87 860	(135 037)	(47 177)	—	23 312
Palestine refugee records project	405 688	439 009	(712 334)	(273 325)	—	132 364
Junior Professional Officer position in Gaza, Procurement Officer	100 159	5 041	(105 201)	(100 160)	1	—
Junior Professional Officer position in HQ Amman, Research and Evaluation Officer, Department of Education	12 047	76 720	(88 769)	(12 049)	2	—
Friends of UNRWA Association	94 371	—	(94 371)	(94 371)	(0)	—
Junior Professional Officer position in HQ Amman, Logistics of Operations Technical Services, DOTS	32 937	30 789	(88 303)	(57 514)	24 808	230
Junior Professional Officer position in HQ Amman, Policy Research Officer at RSSD	38 263	—	(3 440)	(3 440)	(34 823)	—
Junior Professional Officer Position in Jordan, Administration and Projects Officer	52 943	31 215	(87 676)	(56 461)	11 361	7 843
Construction and equipping of a science laboratory at Majdal School, Beddawi and provision of French teaching tools for 32 schools and the Siblin training centre	38 164	—	(37 971)	(37 971)	(292)	(100)
Support of ERD fund-raising in the Gulf	(25 383)	—	—	—	25 383	—
Computer bus project	48 197	46 421	(79 581)	(33 160)	—	15 037
Children's music center, Syrian Arab Republic	3 707	26 855	(30 001)	(3 146)	—	562
Project management assistance and support for sustainable livelihoods components of the Neirab rehabilitation project (phase I)	353 469	259 975	(471 259)	(211 284)	—	142 186
Junior Professional Officer position in West Bank "research officer"	(37 392)	7 905	29 487	37 392	(0)	—
New school building in Kan Dannoun, construction of school complex in Homs/Syria	505 531	491 053	(922 580)	(431 527)	—	74 003

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Integrated early childhood/better parenting project	—	7 041	(7 041)	(0)	0	0
Operations support officer programme/West Bank	461 582	—	(2 324)	(2 324)	(459 258)	—
Operations support officer programme/Gaza Strip	85 286	—	—	—	(85 286)	—
Construction of a new building for Amir Hasan quarter health centre/Jordan	177 362	—	(227 055)	(227 055)	49 693	—
Reconstruction of the Qabr Essit health centre in Syria	152 753	—	(152 752)	(152 752)	(1)	—
Shelter rehabilitation in Tyre area/Lebanon	7 234	—	—	—	(7 234)	—
Promoting tolerance, conflict resolution and Basic Human Rights in UNRWA schools	27 701	—	(27 701)	(27 701)	(0)	—
Slow learners programme	1 641	—	(1 639)	(1 639)	(2)	—
Conversion of multi-purpose room at Sarafand/Karmel School into a standard computer laboratory, Syria	3 834	—	(3 831)	(3 831)	(3)	—
Japanese scholarship grant programme to Palestinian women for higher academic studies in Lebanon	74 972	—	(25 016)	(25 016)	—	49 956
Construction and furnishing of 24 classrooms in Lebanon	203 043	7 914	(210 955)	(203 041)	(2)	—
Construction of standard computer laboratories and multi-purpose rooms at six UNRWA school buildings and renovation of learning resource centre at Yarmouk in Syria	444 532	24 458	(468 989)	(444 531)	(0)	—
Equipping 10 health centres with TV sets, DVD players and health educational DVD discs, Lebanon	968	—	(960)	(960)	(8)	—
Construction of a main gravity line connecting the western area of Nuseirat with the pumping station	96 131	23 389	(119 518)	(96 129)	(2)	—
Computers to Jabalia Preparatory School	1 031	—	(715)	(715)	—	316
Children's recreational and cultural support programme, Gaza Strip	20 148	2 634	(22 779)	(20 145)	(3)	—
Senior programme coordinator	(73 589)	—	—	—	73 589	—
Procurement training	(19 500)	282 000	(50 561)	231 439	—	211 939
UNESCO — 2005 Education (extracurricular activities support for schools and other activities)	1 907	—	(1 903)	(1 903)	(3)	—
Baqa'a Elementary Boys' School No. 1	1 128	—	(1 126)	(1 126)	(1)	—
JPO position in Lebanon Projects Office	33 047	104 007	(115 070)	(11 063)	—	21 985

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Construction and furnishing of one home economics unit, one computer laboratory, four classrooms and two small teachers' room at Deir Al-Balah Preparatory Girls' School	76 763	—	(76 704)	(76 704)	(60)	—
Nursing courses for Palestine refugees in Lebanon	244	—	0	0	(244)	—
Extend Mr. Jens Ole Bak Hansen's contract for second year as Junior Professional Officer in the Policy Analysis Unit/HQ Gaza	34 906	33 198	(68 105)	(34 907)	1	—
Poverty alleviation: skills training/apprenticeship scheme in the West Bank	—	78 000	(131 195)	(53 195)	—	(53 195)
Shelter rehabilitation in refugee camps in Syria, Lebanon and Jordan	717 167	594 809	(1 311 798)	(716 989)	(178)	—
Psychosocial support programme, West Bank	—	2 371 542	(1 141 687)	1 229 854	—	1 229 854
To UNRWA Khan Younis and Ramallah schools in Lebanon	6 426	—	(5 335)	(5 335)	—	1 091
Reconstruct and furnish Nuseirat health centre in the Gaza Strip	451 694	—	(451 691)	(451 691)	(2)	—
Savings and interest from completed Japanese-funded projects	326 852	—	—	—	(326 852)	—
Savings and interest from completed funded projects	7 387	—	—	—	—	7 387
Savings and interest from completed funded projects	106 309	—	—	—	(106 309)	—
Savings and interest from completed funded projects	21 794	—	—	—	(21 794)	—
Savings and interest from completed funded projects	38 043	—	—	—	(38 043)	—
Savings and interest from completed funded projects	49 118	—	—	—	—	49 118
Savings and interest from completed funded projects	16 200	—	—	—	4 441	20 641
Savings and interest from completed funded projects	108 030	—	—	—	(108 030)	—
Purchase equipment for the blind for RCVI, Gaza	4 502	22 142	(33 494)	(11 352)	—	(6 850)
Savings and interest from completed funded projects	460 161	—	—	—	—	460 161
Early detection and management of physical disabilities and combat of micronutrient deficiencies among children, Lebanon	303 441	76 728	(391 385)	(314 656)	11 216	—
Savings and interest from completed funded projects (USAID)	384 090	—	—	—	—	384 090
Equipping and furnishing a toy library at Rafah women's programme centre, Gaza Strip	297	7 453	—	7 453	—	7 750
French school supervisor	6 473	—	(5 675)	(5 675)	—	798

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Development of UNRWA Management Health Information System, phase III	11 612	—	(11 610)	(11 610)	(2)	—
Savings and interest from completed funded projects	48 552	—	—	—	(48 552)	—
Savings and interest from completed funded projects	3 510	—	—	—	(3 510)	—
Operations support officer programme, Gaza Strip	480 982	—	(419 440)	(419 440)	(61 541)	—
Operations support officer programme, West Bank	1 356 832	—	(1 038 698)	(1 038 698)	(303 848)	14 286
Sustaining further development of conflict resolution, tolerance and basic human rights	589 000	—	(543 560)	(543 560)	—	45 440
Construction of water supply, sewerage and storm water drainage systems in El-Buss camp, Lebanon	1 192 140	—	(1 135 539)	(1 135 539)	—	56 601
Reconstruction of Beer Shiba Elementary Boys'/Deir Ammar Elementary Girls' School and Beer Shiba Preparatory Boys' School in Khan Eshieh camp (four schools, two buildings), Syria	1 056 000	—	(697 335)	(697 335)	(130 618)	228 047
Replacement of Jalazone health centre, West Bank	387 112	—	(326 213)	(326 213)	—	60 899
Social workers' training and certification in Social Services	164 502	—	(136 017)	(136 017)	—	28 485
Five computer laboratories in Jordan	429 044	—	(369 089)	(369 089)	—	59 955
JPO, ERPO at External Relations Department, HQ (G) — Ms. Berangere Boell	73 206	248 568	(254 843)	(6 274)	5 627	72 558
JPO, Associate Office, West Bank Field Office — Mr. Marion Taupiac	75 792	114 994	(144 942)	(29 948)	—	45 843
Construction and furnishing of one home economics unit, two teachers' rooms, two stores and up to six rooms at Rafah Preparatory "A" Girls' School, Gaza	—	—	(212 430)	(212 430)	—	(212 430)
Japanese JPO fund	526	—	—	—	—	526
EU university scholarships fund for Palestine refugees in Lebanon	916 206	269 737	(432 579)	(162 842)	—	753 364
Savings and interest from completed funded projects	4 336	—	—	—	(4 336)	—
Savings and interest from completed funded projects	—	—	—	—	254	254
Reconstruction of the Jalazone Boys' School, phase 1, West Bank	—	955 289	(664 644)	290 644	—	290 644
Evaluations of the impact of global education courses, child friendly schools and HIV/AIDS awareness-raising	—	8 084	(7 902)	182	—	182
Learning support programme, Jordan	8 173	—	(8 172)	(8 172)	(1)	—

Funds/projects	*Balance as at 01.01.2006*	*Surplus/deficit*			*Prior years' adjustments*	*Fund balance as at 31.12.2007*
		Income	*Expenditure*	*Surplus/deficit*		
Provision of eight ultrasound machines for maternal health programme and introduction of seven Chemistry analysers and seven hematology cell counters at UNRWA	—	439 872	(439 869)	3	(3)	0
Training of medical staff in the use of new medical equipment, ultrasound machines, chemistry analyser and hematology cell counters newly introduced at UNRWA MCH clinics and clinical laboratories in Lebanon	—	76 352	(76 351)	1	(1)	(0)
Establishment of legal advice bureaux at Marka camp and Aqaba, Jordan	—	86 776	(73 936)	12 840	—	12 840
Replacement and maintenance of dilapidated H/Cs: replacement of Aroub health centre	—	382 664	(382 661)	3	(3)	0
Mother and child health-care services in the Jericho area, West Bank	—	28 810	(25 209)	3 601	—	3 601
Reconstruction of Dera'a health centre, Syria	217 647	—	(220 355)	(220 355)	—	(2 708)
Distribution of special hardship case rations and cash assistance in 2006 to the 392 Palestinians out of Iraq	—	35 207	(31 253)	3 954	(3 341)	613
Renovation of the Deir El Balah C and D primary schools in the Gaza Strip	—	538 343	(538 341)	2	(2)	0
Improve education of young Palestine refugees in Lebanon for better employment opportunities	—	9 795 510	(3 826 867)	5 968 643	138 448	6 107 091
Management consultancy	—	111 805	(111 805)	0	(0)	(0)
Governance and empowerment of Palestine refugees, Lebanon	—	260 437	(195 076)	65 361	—	65 361
Special Assistant to the Deputy Commissioner-General	—	120 000	(108 325)	11 675	—	11 675
Secretary of the Advisory Commission-external relations	—	120 000	(107 046)	12 954	—	12 954
Cost of conducting training for three kindergarten supervisors on learning difficulties	—	564	(564)	(0)	0	(0)
Establishing interest connection and covering the running cost for one year at Lattakia, Jaramana and Husseinieh women's programme centres	—	4 069	(4 069)	(0)	0	(0)
Improve the well-being of Palestine refugees; capacity-building of UNRWA staff and Palestine refugee community	—	43 745	(43 744)	1	(1)	0
Hazardous shelter rehabilitation in refugee camps in Lebanon, Jordan and Syria	—	2 485 965	(2 386 646)	99 319	(99 319)	0

Funds/projects	*Balance as at 01.01.2006*	*Surplus/deficit*			*Prior years' adjustments*	*Fund balance as at 31.12.2007*
		Income	*Expenditure*	*Surplus/deficit*		
Construction of two additional classrooms at Kufr Kanna/Taitaba school, Dera'a camp, Syria	—	—	(24 594)	(24 594)	24 594	—
Development of a management reform support programme for UNRWA	—	113 158	(113 158)	(0)	0	0
Conduct two workshops on early detection of breast cancer	—	2 298	(2 298)	0	(0)	(0)
Conduct five workshops on HIV/AIDS, Syria	—	2 721	(2 721)	0	(0)	0
Unmet needs of blind, visually impaired and disabled children	—	19 300	(12 725)	6 575	—	6 575
Training workshops for 40 kindergarten teachers on training kit	—	3 345	(3 345)	(0)	0	0
Training workshops for the kindergarten teachers on learning by playing and early childhood problems	—	3 345	(3 345)	(0)	0	0
Training for the kindergarten friends' councils in the Damascus area	—	978	(978)	(0)	0	(0)
Child-friendly schools conducting five training workshops on the concept of child-friendly school for 100 teachers and head teachers	—	4 741	(4 741)	0	(0)	0
Alternatives for corporal punishment at school — conducting five sessions on the solutions and alternatives for Physical punishment at school for 100 teachers and head teachers	—	2 707	(2 707)	—	—	—
Child rights; conducting five training workshops on the concept of child rights for 100 teachers and head teachers	—	12 497	(12 496)	1	(1)	(0)
Child rights clubs, conducting two clubs on child rights in Damascus	—	16 444	(16 444)	(0)	0	(0)
UNESCO — 2006 Education (extracurricular activities support for schools, support for students, travel and equipment)	—	30 000	(29 966)	34	(34)	0
Nursing courses for Palestine refugees in Lebanon (2005-2006)	—	27 027	(27 207)	(180)	180	(0)
Shelter rehabilitation of special hardship cases in the West Bank	—	954 370	(1 234 055)	(279 684)	—	(279 684)
Supporting orphans and children with disabilities — summer camp for the year 2006	—	8 000	(7 998)	2	(2)	0
Lebanese workshop for the employability of Palestine refugees	—	9 975	(9 975)	(0)	0	0

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Developing children's literature in 94 UNRWA schools in the West Bank	—	37 807	(13 588)	24 219	—	24 219
IUED/Louvain data collection survey — phase 1	—	536 882	(417 147)	119 735	—	119 735
Palestinian adolescents: agents of positive change towards an environment promoting peace and reconciliation	—	1 164	(1 164)	(0)	0	(0)
Camp development — Stuttgart University	—	364 814	(381 827)	(17 013)	—	(17 013)
Development of manuals and training programmes — Stuttgart University	—	228 392	(35 537)	192 855	—	192 855
Mainstreaming visually impaired Palestinian students in regular educational facilities in Lebanon	—	40 000	(29 334)	10 666	—	10 666
Equipping and furnishing a toy library at Beit Hanoun women's programme centre, Gaza Strip	—	4 671	—	4 671	—	4 671
JPO position in UNRWA Policy Analysis Unit, HQ Amman	—	181 181	(109 891)	71 290	—	71 290
Converting Nuseirat MCH clinic into a comprehensive health centre	—	288 019	—	288 019	—	288 019
Reconstruction and equipping of Jabalia health centre	—	1 198 190	(86 848)	1 111 342	—	1 111 342
Converting Fakhoura MCH into a comprehensive health centre	—	342 322	—	342 322	—	342 322
Purchase of three armoured vehicles for the use of the Operation Support Officers in the Gaza Strip	—	—	(291 375)	(291 375)	291 375	—
Reconstruction and equipping of Deir Al-Balah Elem A and B Boys' School in Gaza	—	—	(1 032 251)	(1 032 251)	—	(1 032 251)
Rehabilitation of Palestine refugee shelters in Gaza	—	—	(644 185)	(644 185)	—	(644 185)
Child protection: mainstreaming child rights and promoting non-violence in UNRWA camp schools	—	16 806	(16 806)	—	—	—
Sustaining further development of conflict resolution, tolerance and basic human rights	—	478 401	(344 195)	134 206	5 250	139 456
Reconstruction of Khan Eshieh health centre, Syria	—	311 500	(22 005)	289 495	—	289 495
Provision of computers for 7th, 8th, 9th, 10th grades (preparatory schools), Jordan	—	533 000	(471 946)	61 054	—	61 054
Construction and equipping of 12 classrooms at Khan Younis Elementary A and C Boys' School, Gaza	—	233 000	(207 471)	25 529	—	25 529
Construction, furnishing and equipping of additional educational facilities at the boys' school, West Bank	—	384 099	(268 755)	115 344	—	115 344

		Surplus/deficit				
Funds/projects	*Balance as at 01.01.2006*	*Income*	*Expenditure*	*Surplus/deficit*	*Prior years' adjustments*	*Fund balance as at 31.12.2007*
Inclusion and integration of children with disabilities in normal life in Yarmouk, Husseinieh and Hama	—	8 883	(8 882)	1	(1)	0
Scholarships for students in Jordan	—	75 503	(55 856)	19 647	—	19 647
Provision of laboratory equipment for Amman New Camp health centre	—	9 990	(9 990)	0	(0)	(0)
Provision of incentives for the 31 volunteers of Amman New Camp women's programme centre	—	4 995	(4 995)	—	—	—
Provision of furniture and equipment for Amman New Camp preparatory Girls' School 3 and 4	—	9 990	(5 073)	4 917	—	4 917
Improving employability of Palestine refugees in Syria	—	1 463 104	(390 533)	1 072 571	—	1 072 571
Assistant Gender Officer, JPO, HQ (Amman)	—	185 256	(105 665)	79 591	—	79 591
Assistant Reporting and Information Officer (1st Year)	—	251 737	(144 681)	107 056	—	107 056
Construction of Amman New Camp Girls' School, Jordan	—	819 700	(46 901)	772 799	—	772 799
Training of 64 area health officers, senior medical officers on diagnosis, detection and proper referral of child abuse, Jordan	—	8 305	(7 385)	920	(920)	(0)
University scholarships for Palestine refugees for higher academic studies, Lebanon	—	350 000	(45 016)	304 984	—	304 984
Construction of Sanour Girl's School, West Bank	—	—	(184 892)	(184 892)	—	(184 892)
Reconstruction of Balata Preparatory Girl's School, West Bank	—	—	(453 815)	(453 815)	—	(453 815)
Projects for refugees at the Iraqi-Syrian border	—	99 922	(94 142)	5 780	—	5 780
Secretariat for the follow-up Committee for Employability of Palestine Refugees in Lebanon	—	76 975	(63 499)	13 476	—	13 476
Distribution of SHC rations and cash assistance in 2007 to the 392 Palestinians out of Iraq	—	30 927	(21 074)	9 853	3 341	13 194
Rapid skill training courses	—	229 975	(165 904)	64 071	—	64 071
Shelter rehabilitation in West Bank	—	52 701	(49 267)	3 434	—	3 434
Construction and equipping of Nuseirat Preparatory "D" and elementary Boy's School	—	798 149	(26 636)	771 513	—	771 513
Construction and equipping of Khan Younis Preparatory "D" Girls' and Elementary Coeducational School	—	—	(582)	(582)	—	(582)
Construction, furnishing and equipping of additional educational facilities at Tulkarem Boy's School	—	130 885	(8 982)	121 903	—	121 903

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Construction, furnishing and equipping of additional educational facilities at Tulkarem Boys' School	—	602 521	(37 199)	565 322	—	565 322
Reconstruction of dilapidated Qalqilia Boys' School	—	—	(5 423)	(5 423)	—	(5 423)
Reconstruction of dilapidated classrooms at Hebron Boys' School	—	663 560	(31 711)	631 849	—	631 849
Construction, furnishing and equipping of additional educational facilities at Jenin Boys' School	—	569 962	(44 138)	525 824	—	525 824
Construction, furnishing and equipping of additional educational facilities at Beit Jala Coeducational School	—	234 873	(72 429)	162 444	—	162 444
Assistance to the Palestine refugees in Herash Camp, Jordan: local community development strategy designed and implemented	—	1 251 628	(593 864)	657 764	—	657 764
Assistance to the Palestine refugees in Herash Camp, Jordan: community-based organizations	—	92 549	(85 533)	7 016	—	7 016
Assistance to the Palestine refugees in Herash Camp, Jordan: urgent needs related to general living conditions	—	150 300	(9 672)	140 628	—	140 628
Assistance to the Palestine refugees in Herash Camp, Jordan: support activities	—	20 675	(6 136)	14 539	—	14 539
Nursing courses for Palestine refugees in Lebanon (2006-2007)	—	24 793	(24 793)	0	(0)	0
Expansion of Dera'a community-based rehabilitation centre, Syria	—	43 700	(8 982)	34 718	—	34 718
Senior Liaison Officer position in UNRWA Representative Office in Geneva.	—	109 965	(55 272)	54 693	—	54 693
University scholarships for registered Palestinian refugee students in all five UNRWA field locations	—	45 000	(9 540)	35 460	—	35 460
Improve UNRWA health, education and social development services provided at Sbeineh camp in the Syria field location	—	1 405 405	(238 305)	1 167 101	—	1 167 101
UNESCO - 2007 Education (Extra-curricula activities support for schools, support for students, travel and equipment)	—	30 000	(20 581)	9 419	—	9 419
Training of medical staff, Gaza Strip	—	411 000	(42 372)	368 628	—	368 628
Purchase of one armoured vehicle for the Use of Operational Support Officers in the Gaza Strip	—	—	(137 800)	(137 800)	137 800	—
Training of 75 kindergarten teachers on the modern training curriculum, Syria.	—	10 000	—	10 000	—	10 000

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Developing the training curriculum related to children with disabilities, Syrian Arab Republic	—	4 073	—	4 073	—	4 073
Establishment of eight kindergarten-friends councils and supporting the seven already established councils, Syrian Arab Republic	—	9 766	—	9 766	—	9 766
Poverty alleviation: skills training/apprenticeship scheme in the West Bank	—	50 000	(38 624)	11 376	—	11 376
Product development and marketing outreach for UNRWA Sulafa embroidery project	—	37 022	—	37 022	—	37 022
Training for school counsellors on the implementation on child-friendly school measures, Syria	—	4 899	—	4 899	—	4 899
Training for school supervisors and teachers on alternative punishment, Syria	—	9 677	—	9 677	—	9 677
Training for teachers on the active learning at 10 schools, Syria	—	14 872	—	14 872	—	14 872
EU University scholarship fund for Palestine refugees in Lebanon	—	1 075 269	(271 655)	803 613	—	803 613
Supporting orphans and children with disability summer camp, Syria	—	10 000	(8 871)	1 129	—	1 129
Construction, equipping and furnishing of Al-Faradeh/loura School at Sbeineh Camp in Syria	—	389 963	(14 737)	375 226	—	375 226
Shelter rehabilitation in the West Bank:repairing of 12 shelters in the Jalazone Camp and reconstruction of four shelters in the Amari Camp	—	—	(133 684)	(133 684)	—	(133 684)
Construction and equipping of a new school to replace Zarqa Elementary Girls' Schools Nos. 1, 2 and 3 with one new school, Jordan	—	1 480 000	(593)	1 479 407	—	1 479 407
Shelter rehabilitation (reconstruction) for special hardship cases in Jordan	—	555 000	(1 866)	553 134	—	553 134
Expansion of Talbiyeh Camp health centre, Jordan	—	155 000	—	155 000	—	155 000
Reconstruction of two schools at Sbeineh camp, Syria	—	676 200	(34 045)	642 155	—	642 155
Reconstruction of two schools at Dera'a Camp, Syria	—	822 600	—	822 600	—	822 600
Sewage spill response at Um-Al-Nasser village in Gaza	—	206 000	(113 080)	92 920	—	92 920
Social workers' training and certification in Social Services, Jordan, Syria, Lebanon and West Bank	—	59 000	(34 759)	24 241	—	24 241

Funds/projects	Balance as at 01.01.2006	Surplus/deficit Income	 Expenditure	 Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Sustaining and further development of conflict resolution, tolerance and basic human rights teaching programme in UNRWA schools and other educational institutes	—	285 000	(284)	284 716	—	284 716
Rehabilitation of six shelters, West Bank	—	—	(20 160)	(20 160)	—	(20 160)
Shelter rehabilitation in the West Bank (repair of 17 shelters)	—	81 081	(63 895)	17 186	—	17 186
Reconstruction of three shelters in the Arroub Camp, West Bank	—	33 782	(45)	33 738	—	33 738
Psychosocial support programme, West Bank	—	618 525	(436 903)	181 622	—	181 622
To cover the cost of purchasing some items for orphans and the disabled in the summer camp conducted during June in Kufr Seta village	—	—	(992)	(992)	—	(992)
World Refugee Day, Syrian Arab Republic	—	40 873	(40 837)	36	(36)	(0)
Two one-day workshops on breastfeeding in Syria	—	5 852	—	5 852	—	5 852
Additional contribution towards rehabilitation of Neirab Camp and development of Ein el Tal Camp, Syria	—	2 287 331	(54 293)	2 233 038	—	2 233 038
Roof repair and paintwork at the women's centre in Shufat Refugee Camp	—	16 000	(16 000)	—	—	—
JPO-Associate Officer (projects and research), Syria	—	129 951	(48 314)	81 637	—	81 637
Dental prosthetic intervention in Al Tanf camp, Syria	—	3 600	(1 755)	1 845	—	1 845
Additional contribution towards extension of phase 1 Neirab Camp rehabilitation project in the Syrian Arab Republic	—	229 973	(136 189)	93 784	—	93 784
Staff costs for JPO Ms. Flavia Riccardo — Public Health Specialist, Epidemiologist, HQ (A)	—	141 444	(49 401)	92 043	—	92 043
Staff costs for JPO Ms. Giulia Pianigiani — Associate Expert, Monitoring and Evaluation Officer, West Bank	—	129 613	(25 673)	103 940	—	103 940
Training UNRWA and GAPAR teachers and supervisors on alternative punishment	—	4 402	—	4 402	—	4 402
Shelter rehabilitation at Husseinieh Camp, Syria (repair and renovation work in 10 shelters)	—	20 057	(18 262)	1 795	—	1 795
Implementation of assistance programmes for Palestinian refugees from Iraq to Syria	—	467 513	(356 869)	110 644	—	110 644
Training of women doctors on public health and management	—	14 000	—	14 000	—	14 000

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Hazardous shelter rehabilitation in refugee camps in the Syrian Arab Republic	—	1 152 254	—	1 152 254	—	1 152 254
UNRWA gender initiative for Gaza, "Equality in action"	—	2 459 016	—	2 459 016	—	2 459 016
French JPO Post in Lebanon Field Office	—	149 994	—	149 994	—	149 994
Institutional capacity-building on psychosocial support, Jordan	—	17 288	—	17 288	—	17 288
Improve the employability of young Palestinian refugees in Lebanon	—	1 006 187	(1 006 187)	—	—	—
Liquidation of HCs and accrual income	—	4 191	—	4 191	—	4 191
Liquidation of HCs and accrual income	7 147 882	214 403	(20 756 830)	(20 542 427)	4 458 323	(8 936 222)
Post-1999 projects total	**27 908 984**	**64 283 769**	**(69 175 887)**	**(4 892 118)**	**3 446 597**	**26 463 462**
Other projects:						
Scholarships	1 630	—	(1 630)	(1 630)	(0)	—
1st year; Junior Professional Officer; Philippe Grandit; Ext. Relations and Projects Officer	432	—	—	—	(432)	—
Running costs of electric generator	1 140	—	—	—	(1 140)	—
Development and commissioning of a school of nursing	39 687	—	—	—	—	39 687
Income-generating projects in Jordan, West Bank and Gaza	5 046	—	—	—	(5 046)	—
Women's programme centre — health and education, West Bank	17 069	—	—	—	—	17 069
Expansion of Qalquilia Hospital in the West Bank	284 359	—	(272 266)	(272 266)	—	12 093
Improvement of computer skills; vocational training centre — phase I	24	—	—	—	(24)	—
Improvement of computer skills; vocational training centre — phase II	18 233	—	(8 749)	(8 749)	(9 484)	—
Reconstruction of Hama women's programme centre and community rehabilitation centre — Syrian Arab Republic	(40 876)	—	—	—	40 876	—
Khan Dannoun and Khan Eshieh water network	4 493	—	(4 492)	(4 492)	(1)	—
Upgrading and development of the industrial electronics courses; Gaza training centre	7 053	—	(7 043)	(7 043)	(11)	—
Upgrading of the central library in Neirab Camp in Aleppo, Syria	3 004	—	(3 005)	(3 005)	1	—

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Construction and equipping of six classrooms at Fakhari Elementary A and B Coeducation School	**30**	**—**	**—**	**—**	**(30)**	**—**
Construction and equipping of science laboratory at Rafah Preparatory B Boys' School	**2 935**	**—**	**—**	**—**	**(2 935)**	**—**
Establishment of nursery and kindergarten at Baqa'a Camp, Jordan	**15**	**—**	**(16)**	**(16)**	**0**	**—**
Construction of two shading sheds at Nuseirat Elementary B and D Co-education, Tal Al-Sultan Elementary Co-education and Raffah Elementary	**2 628**	**—**	**(2 628)**	**(2 628)**	**—**	**—**
Kindergarten in Khan Eshieh women's programme centre	**254**	**—**	**—**	**—**	**(254)**	**—**
Expansion of UNRWA family health programme	**4 441**	**—**	**—**	**—**	**(4 441)**	**—**
Construction of sewer and water networks in eight Palestinian refugee camps	**(4 927 920)**	**4 544 946**	**(219 246)**	**4 325 701**	**602 219**	**—**
Replacement of dilapidated blocks at Arroub Boys' School	**123 906**	**—**	**—**	**—**	**(120 909)**	**2 997**
Equipping of computer workshop at Beit Ula Girls' School	**2 024**	**—**	**(2 022)**	**(2 022)**	**(2)**	**—**
Equipping of computer workshop at Beit Ula Girls' School	**3 411**	**—**	**(3 362)**	**(3 362)**	**(49)**	**—**
Rehabilitation of roads at Siblin training centre	**138**	**—**	**—**	**—**	**—**	**138**
Construction and equipping of additional classrooms/canteens at preparatory schools in Gaza	**136 534**	**—**	**—**	**—**	**—**	**136 534**
Construction of additional classrooms at Dheisheh Girls' School in the West Bank	**—**	**85 987**	**(84 285)**	**1 702**	**120 909**	**122 611**
Liquidation of HCs and accrual income	**(161 924)**	**—**	**(115 314)**	**(114 314)**	**161 924**	**(115 314)**
Other projects total	**(4 472 233)**	**4 630 934**	**(724 058)**	**3 906 876**	**781 173**	**215 815**
Microcredit community support programme						
Microcredit community support programme, Agency-wide running costs	379 917	357 142	(228 602)	128 541	—	508 457
Microcredit community support programme, West Bank (prefix K1)	27 753	1 153	(6 731)	(5 578)	—	22 174
Microcredit community support programme related to self-supporting project grants funded from GF	3 944	—	—	—	—	3 944
RSSD microcredit community support programme	99 170	120 708	(11 207)	109 501	—	208 672

Funds/projects	Balance as at 01.01.2006	Surplus/deficit Income	 Expenditure	 Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Liquidation of HCs and accrual income	—	—	(7 513)	(7 513)	—	(7 513)
Microcredit Community Support Programme Total	**510 784**	**479 004**	**(254 053)**	**224 951**	**—**	**735 734**
Disengagement projects in Gaza:						
Rehabilitation of Palestine refugees' shelters in the Gaza Strip	5 500 000	217 996	(254 594)	(36 598)	—	5 463 402
Constructing and equipping the VTC in southern Gaza Strip	1 000 000	—	(999 998)	(999 998)	(2)	—
Restructuring of Khan Younis refugee camp, construction of 231 dwelling units	3 616 744	—	(285 975)	(285 975)	—	3 330 769
Graduate training programme in Gaza	1 164 603	23 292	(1 187 895)	(1 164 603)	(1)	—
Khan Younis camp sewerage works	113 814	1 389 499	(238 359)	1 151 139	65 483	1 330 436
Shelter rehabilitation activities (materials, wages management)	—	5 000 000	(3 490 526)	1 509 474	—	1 509 474
Job creation programme	—	4 420 443	(4 420 442)	1	(1)	0
Construction and extension of the Khan Younis training centre in South Gaza	—	61 480	(61 478)	1	(1)	0
Liquidation of HCs and accrual income	2 989 278	(1 183 483)	(11 707 429)	(12 890 912)	(1 805 795)	(11 707 429)
Disengagement projects in Gaza total	**14 384 439**	**9 929 226**	**(22 646 697)**	**(12 717 471)**	**(1 740 317)**	**(73 349)**
Emergency situation in Lebanon						
Emergency appeal for northern Lebanon (2007/08): donation of food commodities to Lebanon appeal	—	977 404	(977 404)	—	—	—
Liquidation of HCs and accrual income, in-kind donations	—	3 544586	—	3 544 586	—	3 544 586
2006 Lebanon flash appeal: emergency situation in Lebanon — unearmarked	—	161 812	(161 810)	3	(3)	(0)
2006 Lebanon flash appeal	—	2 000 000	(1 963 613)	36 387	—	36 387
2006 Lebanon flash appeal: emergency situation in Lebanon — unearmarked	—	1 373	(1 373)	0	(0)	(0)
2006 Lebanon flash appeal: emergency situation in Lebanon — unearmarked	—	25	(25)	—	—	—
Emergency situation in Lebanon — UNRWA cost recovery following the provision of temporary accommodation for Palestinian refugees displaced from Lebanon	—	20 000	(19 956)	44	(44)	(0)

		Surplus/deficit				
Funds/projects	*Balance as at 01.01.2006*	*Income*	*Expenditure*	*Surplus/deficit*	*Prior years' adjustments*	*Fund balance as at 31.12.2007*
2006 Lebanon flash appeal	—	1 120 382	(1 015 271)	105 111	(105 111)	(0)
Early recovery projects in Lebanon: emergency assistance to the Palestinian refugee camps in Lebanon	—	977 891	(502 747)	475 144	—	475 144
2006 Lebanon flash appeal	—	450 614	(450 614)	0	(0)	0
2006 Lebanon flash appeal: basic shelter, water, hygiene and food	—	1 404 241	(1 404 240)	1	(1)	—
Early recovery projects in Lebanon: strengthening placement and career guidance units to enhance employment opportunities for Palestine refugees in Lebanon	—	132 000	(109 674)	22 326	—	22 326
Early recovery projects in Lebanon: reactivation of small business for Palestine refugee entrepreneurs	—	167 000	(166 999)	1	(1)	—
Early recovery projects in Lebanon: psychosocial support and post-traumatic counselling for schoolchildren	—	161 000	(159 567)	1 433	—	1 433
Early recovery projects in Lebanon: organization's early recovery activities	—	579 986	(551 577)	28 410	—	28 410
2006 Lebanon flash appeal (education)	—	559 986	(559 026)	960	—	960
Early recovery projects in Lebanon: adaptation of homes for disabled Palestine refugees	—	200 000	(32 678)	167 322	—	167 322
Early recovery projects in Lebanon: completing the process of mechanization of solid waste management	—	290 000	(41 125)	248 875	—	248 875
Early recovery projects in Lebanon: establishment of part-time health centres in Bar Elias and in Wadi El-Zeina	—	120 000	(24 070)	95 930	—	95 930
Early recovery projects in Lebanon: installation of four electric generators	—	132 000	(61 739)	70 261	—	70 261
Early recovery projects in Lebanon: skills training and apprenticeship for women, youth and the disabled	—	146 520	(56 587)	89 933	—	89 933
Early recovery projects in Lebanon: replacement of Shatila health centre	—	150 000	(24 446)	125 554	—	125 554
Early recovery projects in Lebanon: school infrastructure new facilities, reconstruction of Deir Yasin Bab El-Wad schools in Tyre area	—	684 000	—	684 000	—	684 000
Early recovery projects in Lebanon: upgrading premises of community-based organizations	—	67 000	—	67 000	—	67 000
Early recovery projects in Lebanon: reconstruction of community-based rehabilitation centre	—	89 000	—	89 000	—	89 000

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
Early recovery projects in Lebanon: reaching out to Palestine refugees assessment	—	112 802	(11 957)	100 845	—	100 845
Early recovery projects in Lebanon: upgrading of laboratory equipment	—	148 185	—	148 185	—	148 185
Early recovery projects in Lebanon: staffing and capital cost items, including transportation	—	168 256	(54 325)	113 931	—	113 931
Early recovery projects in Lebanon: VHF radio communication equipment and its protection against lightning	—	54 703	—	54 703	—	54 703
Early recovery projects in Lebanon: supply of gas oil for water and sewage plants in camps	—	94 541	(36 265)	58 276	—	58 276
Early recovery projects in Lebanon: shelters and dwelling units feasibility study in CLA camps, focused on Shatila and Bourj El Barajneh	—	176 500	(152)	176 348	—	176 348
Early recovery projects in Lebanon: Leganon Palestine camps geographical information system	—	215 500	—	215 500	—	215 500
2007 Lebanon flash appeal	—	249 965	(49 423)	200 542	—	200 542
2007 Lebanon flash appeal	—	20 000	—	20 000	—	20 000
2007 Lebanon flash appeal: covering health needs during the emergency period in North Lebanon areas	—	675 676	(412 916)	262 760	—	262 760
2007 Lebanon flash appeal	—	3 500 000	(2 404 769)	1 095 231	—	1 095 231
2007 Lebanon flash appeal: life-saving activities	—	4 913 031	(3 854 843)	1 058 188	—	1 058 188
2007 Lebanon flash appeal	—	10 000	—	10 000	—	10 000
2007 Lebanon flash appeal for Palestine refugees in North Lebanon	—	560 748	(560 748)	(0)	0	(0)
Emergency appeal for northern Lebanon (2007/08): emergency shelter	—	424 000	(106 243)	317 757	—	317 757
Emergency appeal for northern Lebanon (2007/08): emergency non-food provision for displaced and/or returnee refugees	—	275 600	(272 953)	2 647	—	2 647
2007 Lebanon flash appeal	—	13 514	(9 373)	4 141		4 141
Emergency appeal for northern Lebanon (2007/08): emergency shelter and structures intervention for Nahr El-Bared	—	2 022 149	(246 391)	1 775 758	—	1 775 758
Emergency appeal for northern Lebanon (2007/08)	—	425 532	(343 274)	82 258	—	82 258
2007 Lebanon flash appeal	—	709 220	(182 000)	527 220	—	527 220

Funds/projects	Balance as at 01.01.2006	Surplus/deficit			Prior years' adjustments	Fund balance as at 31.12.2007
		Income	Expenditure	Surplus/deficit		
2007 Lebanon flash appeal: life-saving activities	—	150 000	(150 000)	—	—	—
2007 Lebanon flash appeal: to alleviate the worst effects of the crisis on the affected population of Nahr El-Bared camp in North Lebanon	—	867 100	—	867 100	—	867 000
2007 Lebanon flash appeal for immediate emergency needs for Palestine refugees in North Lebanon	—	724 033	(397 339)	326 694	—	326 694
Emergency appeal for northern Lebanon (1 September 2007-31 August 2008)	—	6 867 769	(587 863)	6 279 906	—	6 279 906
Emergency appeal for northern Lebanon (1 September 2007-31 August 2008)	—	30 000	(20 808)	9 192	—	9 192
Emergency appeal for northern Lebanon (1 September 2007-31 August 2008)	—	1 828 154	(71 617)	1 756 536	—	1 756 536
Emergency appeal for northern Lebanon (1 September 2007-31 August 2008) — food aid	—	249 965	—	249 965	—	249 965
Emergency appeal for northern Lebanon (2007/08): relief, recovery and reconstruction management unit	—	3 132 231	(28 426)	3 103 805	—	3 103 805
Emergency appeal for northern Lebanon (2007/08): towards the most pressing and appropriate needs over the next 12 months but not used for the purchase of food	—	2 094 241	(62 682)	2 031 558	—	2 031 558
Emergency appeal for northern Lebanon (2007/08): food assistance for displaced Palestine refugees from Nahr El-Bared	—	368 732	—	368 732	—	368 732
Emergency appeal for northern Lebanon (2007/08): emergency activities in Nahr El-Bared camp	—	2 744 503	(212 571)	2 531 931	—	2 531 931
Emergency appeal for northern Lebanon (2007/08)	—	4 800	—	4 800	—	4 800
Emergency appeal for northern Lebanon (2007/08): emergency education activities	—	638 500	(152 855)	485 645	—	485 645
Emergency appeal for northern Lebanon (2007/08)	—	50 000	—	50 000	—	50 000
Emergency appeal for northern Lebanon (2007/08): temporary premises (prefab schools) for UNRWA activities in North Lebanon	—	2 071 389	(1 087 959)	983 430	—	983 430
Emergency appeal for northern Lebanon (2007/08)	—	500 181	—	500 181	—	500 181
Emergency appeal for northern Lebanon (2007/08): rapid skills training, access to employment, facilitate the revival of micro- and small enterprises, establish the UNRWA employment service centre	—	232 128	—	232 128	—	232 128
Emergency appeal for northern Lebanon (2007/08)	—	280 000	—	280 000	—	280 000

Funds/projects	Balance as at 01.01.2006	Surplus/deficit Income	 Expenditure	 Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Emergency appeal for northern Lebanon (2007/08) — Denmark	—	988 142	—	988 142	—	988 142
Cancelled	—	205 350	—	205 350	—	205 350
Liquidation of HCs and accrual income	—	1 972 231	(4 148 583)	(2 176 352)	—	(2 176 352)
Emergency situation in Lebanon total	—	**54 906 190**	**(23 750 878)**	**31 155 313**	**(105 159)**	**31 050 154**
Camps improvement initiative in Lebanon:						
Projects in Lebanon under the CII	—	2 635 046	(208 367)	2 426 680	—	2 426 680
Water supply/sewerage/storm water drainage in Shatila camp, Lebanon	—	2 560 000	(158 637)	2 401 363	—	2 401 363
Shelter rehabilitation project in South Lebanon	—	662 246	(364 731)	297 515	—	297 515
Upgrading UNRWA telecommunication infrastructure in Lebanon	—	383 535	—	383 535	—	383 535
UNRWA Lebanon camp improvement programme	—	814 400	(10 408)	803 992	—	803 992
Shelter rehabilitation — Lebanon camp improvement initiative	—	450 000	(394 458)	55 542	—	55 542
Reactivation of totally damaged businesses of Palestinian entrepreneurs, Lebanon	—	225 330	(191 384)	33 946	—	33 946
Construction of multi-purpose building at Beddawi camp, Lebanon	—	184 506	—	184 506	—	184 506
eHealth — phase I: modernization of Lebanon field health statistical reporting systems and processes, and piloting health clinic automation	—	597 335	(17 511)	579 824	—	579 824
Early intervention units for persons with disabilities	—	230 000	—	230 000	—	230 000
Rehabilitation services for Palestine refugees with disabilities	—	115 390	(44 057)	71 333	—	71 333
Capacity-building of Palestine refugee youth clubs and centres	—	219 615	(466)	219 149	—	219 149
Early detection and management of cervical and breast cancer among vulnerable Palestine refugees	—	329 005	(522)	328 483	—	328 483
Establishment of half-time health centre in Kfar Bada, Tyre area	—	159 365	(5 619)	153 746	—	153 746
Establishment of central ophthalmic clinic in each of the five areas in Lebanon	—	194 250	(170)	194 080	—	194 080
Establishment of a clinical laboratory at Nabatieh health centre	—	53 835	—	53 835	—	53 835

Funds/projects	Balance as at 01.01.2006	Surplus/deficit Income	 Expenditure	 Surplus/deficit	Prior years' adjustments	Fund balance as at 31.12.2007
Establishment of two mobile dental clinics	—	348 540	—	348 540	—	348 540
Improvement of environmental health infrastructure in Beirut camps	—	713 864	—	713 864	—	713 864
Liquidation of HCs and accrual income	—	1 281 341	(772 803)	508 538	—	508 538
Camps improvement initiative in Lebanon, total	**—**	**12 157 603**	**(2 169 132)**	**9 988 471**	**0**	**9 988 471**
TOTAL NON-REGULAR BUDGET FUNDS	**109 432 168**	**439 439 775**	**(470 208 359)**	**(30 768 584)**	**(3 855 679)**	**74 807 905**
Microfinance and microenterprise programme	**(4 122 602)**	**7 534 686**	**(8 894 010)**	**(1 359 324)**	**(1 163 520)**	**(6 645 446)**
TOTAL ALL FUNDS	**164 373 886**	**1 277 086 394**	**(1 308 258 199)**	**(31 171 804)**	**(21 176 827)**	**112 025 254**

Appendix 4

Donor contributions and outstanding confirmed pledges for the biennium 2006-2007

(in United States dollars)

A. Income by donor

		Regular budget funds			Non -regular budget funds			
Biennium 2004-2005	*Donor*	*Cash*	*In kind*	*Total*	*Emergency appeal*	*Projects*	*Total*	*Grand total*
	Governments:							
12 830 101	Australia	7 143 491	—	7 143 491	11 557 713	1 681 500	13 239 213	20 382 704
4 645 648	Austria	1 990 000	—	1 990 000	3 105 532	689 836	3 795 368	5 785 368
60 000	Bahrain	80 000	—	80 000	—	—	—	80 000
10 190 181	Belgium	5 678 088	—	5 678 088	3 420 382	662 246	4 082 628	9 760 716
—	Brunei Darussalam	20 000	—	20 000	—	—	—	20 000
26 062 579	Canada	23 275 862	—	23 275 862	15 702 465	16 600 276	32 302 741	55 578 603
15 000	Chile	15 000	—	15 000	—	—	—	15 000
8 495	Colombia	6 505	—	6 505	—	—	—	6 505
62 250	Cyprus	138 060	—	138 060	—	—	—	138 060
101 931	Czech Republic	183 411	—	183 411	—	141 000	141 000	324 411
22 165 238	Denmark	20 932 129	—	20 932 129	3 302 652	3 450 545	6 753 197	27 685 326
10 000	Egypt	20 000	—	20 000	—	—	—	20 000
9 113 966	Finland	7 203 951	—	7 203 951	4 541 434	425 532	4 966 966	12 170 917
14 638 344	France	19 075 227	—	19 075 227	2 605 357	3 062 938	5 668 295	24 743 522
20 279 000	Germany	6 096 377	—	6 096 377	5 398 348	7 672 708	13 071 056	19 167 433
800 000	Greece	800 000	—	800 000	410 397	709 220	1 119 617	1 919 617
40 000	Holy See	40 000	—	40 000	—	—	—	40 000
98 463	Iceland	300 000	—	300 000	—	53 022	53 022	353 022
31 052	India	40 000	—	40 000	—	—	—	40 000
4 957 880	Ireland	8 795 701	—	8 795 701	637 755	—	637 755	9 433 457
14 638 670	Italy	6 720 430	—	6 720 430	1 239 067	6 457 423	7 696 490	14 416 920

Biennium 2004-2005	Donor	Regular budget funds			Non -regular budget funds			Grand total
		Cash	In kind	Total	Emergency appeal	Projects	Total	
42 531 344	Japan	18 679 943	22 512	18 702 455	6 219 765	3 988 284	10 208 048	28 910 503
1 418 251	Jordan	—	1 392 982	1 392 982	—	—	—	1 392 982
1 171 823	Korea, Republic of	150 000	—	150 000	—	—	—	150 000
2 999 944	Kuwait	3 000 000	—	3 000 000	999 958	—	999 958	3 999 958
7 150	Lebanon	—	8 030	8 030	—	562 151	562 151	570 181
4 710 182	Luxembourg	4 590 016	—	4 590 016	241 838	—	241 838	4 831 854
50 000	Malaysia	25 000	—	25 000	—	—	—	25 000
1 000	Maldives	1 000	—	1 000	—	—	—	1 000
24 000	Malta	—	—	—	—	—	—	—
18 000	Mexico	5 000	—	5 000	—	—	—	5 000
10 000	Monaco	10 000	—	10 000	—	—	—	10 000
—	Morocco	50 670	—	50 670	—	25 000	25 000	75 670
40 672 537	Netherlands	32 260 559	—	32 260 559	6 637 519	393 181	7 030 700	39 291 259
934 560	New Zealand	891 800	—	891 800	1 254 563	—	1 254 563	2 146 363
50 949 264	Norway	41 134 470	—	41 134 470	16 272 646	4 472 274	20 744 920	61 879 390
30 000	Oman	25 000	—	25 000	—	—	—	25 000
3 815 111	Palestine	—	3 609 858	3 609 858	—	—	—	3 609 858
40 000	Poland	110 000	8 400	118 400	—	50 000	50 000	168 400
200 000	Portugal	200 000	—	200 000	—	—	—	200 000
70 000	Qatar	35 000	—	35 000	—	—	—	35 000
25 249 344	Saudi Arabia	1 800 000	—	1 800 000	—	1 033 420	1 033 420	2 833 420
322 391	South Africa	292 545	—	292 545	—	—	—	292 545
12 033 853	Spain	16 495 042	—	16 495 042	8 395 564	3 086 325	11 481 888	27 976 930
70 841 610	Sweden	64 008 305	—	64 008 305	21 169 291	724 033	21 893 323	85 901 629
21 288 008	Switzerland	14 320 708	—	14 320 708	8 889 721	2 788 486	11 678 207	25 998 915
275 075	Syrian Arab Republic	—	282 009	282 009	—	—	—	282 009
60 000	Thailand	60 000	—	60 000	—	—	—	60 000
19 865	Tunisia	18 962	—	18 962	—	—	—	18 962
400 000	Turkey	1 000 450	—	1 000 450	1 251 880	1 400 728	2 652 608	3 653 058
1 458 694	United Arab Emirates	1 800 000	—	1 800 000	—	114 766	114 766	1 914 766

Biennium 2004-2005	Donor	Regular budget funds			Non-regular budget funds			Grand total
		Cash	In kind	Total	Emergency appeal	Projects	Total	
70 611 450	United Kingdom of Great Britain and Northern Ireland	56 840 026	—	56 840 026	—	1 036 963	1 036 963	57 876 990
235 416 312	United States of America	164 411 200	—	164 411 200	100 850 000	25 888 800	126 738 800	291 150 000
177 076	Emirate of Sharjah	—	—	—	—	—	—	—
20 000	Algeria	—	—	—	—	—	—	—
159 985	China	159 985	—	159 985	—	—	—	159 985
10 000	Indonesia	—	—	—	—	—	—	—
24 000	Liechtenstein	65 702	—	65 702	—	—	—	65 702
3 000	Namibia	—	—	—	—	—	—	—
254 437	Government of Belgium (Flanders)	—	—	—	344 241	—	344 241	344 241
451 694	Government of Spain (Catalonia)	—	—	—	127 211	1 156 868	1 284 080	1 284 080
—	Bulgaria	20 000	—	20 000	—	—	—	20 000
—	Pakistan	36 274	—	36 274	—	—	—	36 274
—	Government of Spain (Basque Country)	—	—	—	384 584	189 504	574 088	574 088
—	Government of Spain (Council of Teulada)	—	—	—	1 318	—	1 318	1 318
—	Government of Spain (Council of Zaragoza)	—	—	—	—	155 648	155 648	155 648
—	Valencia, Spain	—	—	—	228 823	—	228 823	228 823
—	Slovenia	20 000	—	20 000	—	—	—	20 000
—	Local Government of Andalucia, Spain	—	—	—	438 698	—	438 698	438 698
—	Huelva, Spain	—	—	—	—	13 514	13 514	13 514
—	Navarra, Spain	—	—	—	—	33 782	33 782	33 782
—	Jamaica	18 000	—	18 000	—	—	—	18 000
—	Republic of Hungary	15 000	—	15 000	21 600	—	21 600	36 600
—	Japan International Cooperation (JICA)	—	76	76	—	—	—	76
—	Spain (Galicia)	—	—	—	—	144 315	144 315	144 315
—	Spain (Valencia)	—	—	—	—	499 566	499 566	499 566

Biennium 2004-2005	Donor	Regular budget funds			Non -regular budget funds			
		Cash	In kind	Total	Emergency appeal	Projects	Total	Grand total
—	Spain (Asturias)	—	—	—	189 504	—	189 504	189 504
—	Spain (Municipality of A Coruna)	—	—	—	14 577	—	14 577	14 577
729 778 758	**Total Governments**	**531 104 890**	**5 323 866**	**536 428 757**	**225 854 402**	**89 363 853**	**315 218 255**	**851 647 012**
	Intergovernmental organizations:							
244 488 098	European Commission	218 064 113	1 166 944	219 231 057	52 771 262	38 618 961	91 390 223	310 621 280
303 939	Arab Gulf Programme for the United Nations Development Organizations (AGFUND)	—	—	—	—	9 000	9 000	9 000
19 920	Islamic Development Bank	—	—	—	—	—	—	—
69 640	OPEC	—	—	—	—	100 000	100 000	100 000
—	AAAID	749 895	—	749 895	—	274 940	274 940	1 024 835
244 881 597	**Total intergovernmental organizations**	**218 814 008**	**1 166 944**	**219 980 952**	**52 771 262**	**39 002 901**	**91 774 163**	**311 755 115**
	United Nations agencies:							
34 858 400	United Nations	38 577 674	—	38 577 674	—	—	—	38 577 674
1 044 784	UNESCO	1 088 920	637 000	1 725 920	—	79 300	79 300	1 805 220
282 282	UNICEF	—	388 809	388 809	—	288 368	288 368	677 177
1 114 100	WHO	252 000	601 106	853 106	—	—	—	853 106
30 474	UNFPA	—	37 883	37 883	—	—	—	37 883
8 173	United Nations Women's Guild	—	—	—	—	8 883	8 883	8 883
54 606	UNHCR	—	—	—	—	677 932	677 932	577 932
998	UNDOF	—	675	675	—	—	—	675
237 995	UNIFIL	—	—	—	—	—	—	—
11 477	UNSCOM	—	—	—	—	—	—	—
1 500	UNTSO	—	3	3	—	—	—	3
—	United Nations/Human Security Trust Fund	—	—	—	1 326 620	—	1 326 620	1 326 620
—	World Food Programme	—	109 932	109 932	—	—	—	109 932
—	Central Emergency Response Fund	—	—	—	3 324 361	5 063 031	8 387 392	8 387 392
—	WFP	—	1 845	1 845	—	—	—	1 845
37 644 788	**Total United Nations agencies**	**39 918 594**	**1 777 254**	**41 695 848**	**4 650 981**	**6 117 514**	**10 768 496**	**52 464 343**

Biennium 2004-2005	Donor	Regular budget funds			Non -regular budget funds			
		Cash	*In kind*	*Total*	*Emergency appeal*	*Projects*	*Total*	*Grand total*
	Non-governmental organizations:							
2 500	American Friends Services Committee, United States	—	—	—	—	—	—	—
—	ANERA	—	1 200	1 200	—	—	—	1 200
—	CARE International	—	—	—	—	10 500	10 500	10 500
319 321	Children International	—	—	—	—	—	—	—
290 812	Norwegian Refugee Council	—	—	—	—	—	—	—
372 117	Egyptian Red Crescent	—	—	—	1 911 627	—	1 911 627	1 911 627
—	Hope Haven International	—	77 670	77 670	—	—	—	77 670
3 350	International Committee of the Red Cross	—	—	—	—	—	—	—
32 686	Japan International Cooperation (JICA)	—	14 793	14 793	—	—	—	14 793
1 869	Japan Women's Association (Middle East and Africa)	—	—	—	—	—	—	—
7 000	Palestine Right to Return Coalition	—	—	—	—	—	—	—
11 916 405	Red Crescent Society, United Arab Emirates	—	—	—	7 005 503	584 982	7 590 485	7 590 485
115 001	Response International	—	—	—	—	—	—	—
776	Right to Play, Canada	—	—	—	—	—	—	—
457 440	Rissho Kosei-Kai, Japan (RKK)	1 424	387 182	388 606	—	51 820	51 820	440 427
111 685	Syrian Arab Popular Committee	—	—	—	—	—	—	—
77 776	Welfare Association	—	—	—	—	146 001	146 001	146 001
25 444	Campaign of Children of Palestine, Japan	—	—	—	—	—	—	—
14 000	Rotary International Club, Netherlands	—	—	—	—	—	—	—
26 400	Music in Me	—	—	—	—	16 865	16 865	16 865
788	Anglican Diocese of Ottawa, Canada	—	—	—	—	—	—	—
100 563	British Council	—	54	54	—	—	—	54
3 000	Islamic Heritage Society	—	—	—	—	—	—	—
54 091	Kind Hearts Association	—	—	—	—	—	—	—
1 019 000	Saudi Committee	—	—	—	—	—	—	—

Biennium 2004-2005	Donor	Regular budget funds			Non -regular budget funds			Grand total
		Cash	In kind	Total	Emergency appeal	Projects	Total	
1 639 669	The Church of Jesus Christ	—	1 424 576	1 424 576	—	—	—	1 424 576
65 100	Lavelle Fund for the Blind, United States	—	—	—	—	0	0	0
757 794	Americares-United States	—	—	—	—	—	—	—
—	Tarek Ahmed Juffali Foundation	29 962	—	29 962	137 958	10 000	147 958	177 920
—	IDRB	—	—	—	—	61 700	61 700	61 700
—	Diakonia	—	474	474	—	64 174	64 174	64 648
—	Friends of UNRWA Assoc. Inc. United States	—	—	—	50 541	5 850	56 391	56 391
—	UNRWA Spanish Committee	24 820	—	24 820	3 846	—	3 846	28 666
—	Near East Cultural and Educational Foundation	—	—	—	—	1 373	1 373	1 373
—	World Vision Foundation	—	998	998	—	—	—	998
—	Shiekh Zayed Foundation	—	—	—	—	6 000 000	6 000 000	6 000 000
—	Human Concern International	—	176 351	176 351	—	—	—	176 351
—	Karim Rida Said Foundation	—	—	—	—	45 000	45 000	45 000
—	Mennonite Central Committee	—	214 161	214 161	—	—	—	214 161
—	United Holy Land Fund	25 000	—	25 000	—	—	—	25 000
—	Kingdom Found/HRH P. Alwaleed Bin Talal	—	—	—	—	411 000	411 000	411 000
—	United Palestinian Appeal	—	—	—	105 474	—	105 474	105 474
—	AED/SMART	340 174	—	340 174	—	—	—	340 174
—	Mosaic Foundation	—	—	—	—	14 000	14 000	14 000
—	Trinidad and Tobago	—	—	—	—	30 000	30 000	30 000
—	Palestinian Red Crescent	—	—	—	84 920	—	84 920	84 920
—	International SOS	—	—	—	—	4 057	4 057	4 057
—	Kuwaiti Red Crescent Society	—	—	—	—	2 361 321	2 361 321	2 361 321
—	Mercy, USA for Aid and Development	—	—	—	—	151 405	151 405	151 405
—	Counterpart International, United States	—	—	—	85 199	—	85 199	85 199

Biennium 2004-2005	Donor	Regular budget funds			Non -regular budget funds			
		Cash	In kind	Total	Emergency appeal	Projects	Total	Grand total
—	Dubai Cares	—	—	—	—	1 277 000	1 277 000	1 277 000
17 414 587	**Total non-governmental organizations**	**421 380**	**2 297 458**	**2 718 838**	**9 385 068**	**11 247 049**	**20 632 118**	**23 350 955**
	Other donors:							
8 617	Various donors, Syria	137 652	3 961	141 614	965	40 873	41 838	183 452
2 536 247	Sundry donors	109 900	158 057	267 957	384 649	135 531	520 181	788 138
166 936	Various donors, Jordan	162 719	319 193	481 912	5 722	—	5 722	487 633
379 322	Various donors, Palestine	228	413 338	413 566	—	—	—	413 566
25 200	Various donors, Lebanon	—	197 631	197 631	—	—	—	197 631
141 272	Higher College of Technology, Abu Dhabi	—	—	—	—	—	—	—
3 257 594	**Other donors**	**410 499**	**1 092 180**	**1 502 679**	**391 336**	**176 404**	**567 741**	**2 070 420**
1 032 977 325	**Total contributions income**	**790 669 372**	**11 657 702**	**802 327 074**	**293 053 050**	**145 907 722**	**438 960 772**	**1 241 287 846**

B. Outstanding pledges by donor

Biennium 2004-2005				Regular budget			Non-regular budget			
Regular budget	*Non-regular budget*	*Total*	*Donor*	*Cash*	*In kind*	*Total*	*Emergency appeal*	*Projects*	*Total*	*Grand total*
			Governments:							
—	65 089	65 089	Australia	3 684 211	—	3 684 211	—	—	—	3 684 211
—	—	—	Austria	—	—	—	655 248	—	655 248	655 248
—	—	—	Bahrain	50 000	—	50 000	—	—	—	50 000
—	591 716	591 716	Belgium	—	—	—	—	1 530 612	1 530 612	1 530 612
—	2 416 144	2 416 144	Canada	—	—	—	—	430 100	430 100	430 100
80 000	—	80 000	China	—	—	—	—	—	—	—
—	—	—	Czech Republic	—	—	—	—	141 000	141 000	141 000
—	—	—	Egypt	10 000	—	10 000	—	—	—	10 000
—	—	—	Finland	—	—	—	2 478 134	—	2 478 134	2 478 134
—	292 308	292 308	France	—	—	—	—	—	—	—
3 666 273	1 437 870	5 104 143	Germany	—	—	—	—	2 217 939	2 217 939	2 217 939
—	254 437	254 437	Government of Belgium (Flanders)	437 318	—	437 318	36 443	—	36 443	473 761
11 052	—	11 052	India	—	—	—	—	—	—	—
—	1 183 432	1 183 432	Italy	—	—	—	1 239 067	—	1 239 067	1 239 067
3 830 907	994 667	4 825 574	Japan	3 063 141	—	3 063 141	—	*100 000*	*100 000*	*3 163 141*
—	—	—	Jordan	—	603 371	603 371	—	—	—	603 371
—	—	—	Kuwait	3 000 000	—	3 000 000	—	—	—	3 000 000
—	93 159	93 159	Korea, Republic of	50 000	—	50 000	—	—	—	50 000
—	—	—	Lebanon	—	—	—	—	562 151	562 151	562 151
—	—	—	Luxembourg	—	—	—	—	—	—	—
1 000	—	1 000	Maldives	1 000	—	1 000	—	—	—	1 000
50 000	—	50 000	Malysia	25 000	—	25 000	—	—	—	25 000
—	—	—	Lebanon	—	—	—	—	—	—	—
—	—	—	Malaysia	—	—	—	—	—	—	—
—	—	—	Morocco	50 670	—	50 670	—	25 000	25 000	75 670
—	2 199 807	2 199 807	Netherlands	—	—	—	—	—	—	—
—	—	—	Palestine	—	2 165	2 165	—	—	—	2 165
35 000	—	35 000	Qatar	—	—	—	—	—	—	—

Biennium 2004-2005				Regular budget			Non-regular budget			
Regular budget	*Non-regular budget*	*Total*	*Donor*	*Cash*	*In kind*	*Total*	*Emergency appeal*	*Projects*	*Total*	*Grand total*
—	20 000 000	20 000 000	Saudi Arabia	—	—	—	—	—	—	—
3 558 586	1 775 148	5 333 734	Spain	—	—	—	5 830 904	437 318	6 268 222	6 268 222
—	—	—	Spain (Asturias)	—	—	—	189 504	—	189 504	189 504
—	—	—	Spain (Basque Country)	—	—	—	190 293	189 504	379 797	379 797
—	—	—	Spain (Muncipality of Coruna)	—	—	—	14 577	—	14 577	14 577
—	—	—	Spain (Galicia)	—	—	—	—	144 315	144 315	144 315
—	—	—	Spain (Zaragoza)	—	—	—	—	21 866	21 866	21 866
—	—	—	Spain (Valencia)	—	—	—	—	499 566	499 566	499 566
—	452 866	452 866	Switzerland	—	—	—	—	313 823	313 823	313 823
—	—	—	Tunisia	—	—	—	—	—	—	—
—	—	—	Turkey	—	—	—	—	173 359	173 359	173 359
500 000	—	500 000	United Arab Emirates	—	—	—	—	114 766	114 766	114 766
1 721 170	258 176	1 979 346	United Kingdom	—	—	—	—	116 902	116 902	116 902
13 453 988	**32 014 819**	**45 468 807**	**Total Governments**	**10 371 340**	**605 536**	**10 976 876**	**10 634 170**	**7 018 221**	**17 652 391**	**28 629 267**
			Intergovernmental organizations:				—			
9 485 613	8 158 172	17 643 785	European Commission	11 628 280	—	11 628 280	7 332 362	20 528 167	27 860 529	39 488 809
—	7 353	7 353	Arab Gulf Programme for the United Nations Development Organizations (AGFUND)	—		—	—	—	—	—
9 485 613	**8 165 525**	**17 651 138**	**Total intergovernmental organizations**	**11 628 280**	**—**	**11 628 280**	**7 332 362**	**20 528 167**	**27 860 529**	**39 488 809**
			United Nations:							
123 814	—	123 814	United Nations	—	—	—	—	—	—	—
—	22 500	22 500	UNICEF	—	66 000	66 000	—	120 513	120 513	186 513
—	—	—	UNHCR	—	—	—	—	120 685	120 685	120 685
—	—	—	WHO	52 000	—	52 000	—	—	—	52 000
123 814	**22 500**	**146 314**	**Total United Nations**	**52 000**	**66 000**	**118 000**	**—**	**241 198**	**241 198**	**359 198**
			Non-governmental organizations:							
—	630 817	630 817	Red Crescent Society, UAE	—	—	—	—	—	—	—

Biennium 2004-2005				Regular budget			Non-regular budget			
Regular budget	*Non-regular budget*	*Total*	*Donor*	*Cash*	*In kind*	*Total*	*Emergency appeal*	*Projects*	*Total*	*Grand total*
—	—	—	Red Crescent Society, UAE (deferred income)	—	—	—	11 024 425	390 036	11 414 461	11 414 461
—	—	—	Kuwaiti Red Crescent Society	—	—	—	—	2 361 321	2 361 321	2 361 321
2 177	—	2 177	Rissho Kosei-Kai, Japan	—	—	—	—	—	—	—
—	—	—	OPEC	—	—	—	—	50 000	50 000	50 000
			Dubai Cares, UAE	—	—	—	—	638 500	638 500	638 500
—	600 000	600 000	Saudi Committee	—	—	—	—	—	—	—
—	—	—	Welfare Association	—	—	—	—	5 000	5 000	5 000
—	125 996	125 996	Children International	—	—	—	—	—	—	—
—	—	—	Diakonia	—	—	—	—	26 367	26 367	26 367
—	—	—	Shiekh Zayed Foundation	—	—	—	—	3 000 050	3 000 050	3 000 050
—	—	—	Human Concern International	—	176 351	176 351	—	—	—	176 351
—	—	—	International SOS	—	—	—	—	4 057	4 057	4 057
—	—	—	Care International	—	—	—	—	10 500	10 500	10 500
—	—	—	Counterpart International United States	—	—	—	85 199	—	85 199	85 199
—	—	—	Mercy-USA for Aid and Development	—	—	—	—	151 405	151 405	151 405
—	48 825	48 825	Lavelle Fund for the Blind, United States	—	—	—	—	—	—	—
—	12 889	12 889	Music in Me	—	—	—	—	—	—	—
2 177	**1 418 527**	**1 420 704**	**Total Non-governmental organizations**	**—**	**176 351**	**176 351**	**11 109 624**	**6 637 236**	**17 746 860**	**17 923 211**
—	8 000	8 000	Other donors	114	66 586	66 700	—	28 871	28 871	95 571
23 065 592	**41 629 371**	**64 694 963**	**Grand total**	**22 051 734**	**914 473**	**22 966 207**	**29 076 156**	**34 453 693**	**63 529 849**	**86 496 056**

Annex

General fund production units and canteen revenues for the biennium 2006-2007

(in United States dollars)

	Schools contributions and canteen revenues	*Production units*			*Grand total*
		Carpentry	*Embroidery*	*Total*	
Gaza:					
Sales (income)	1 092 742	1 209 275	154 149	1 363 424	2 456 166
Cost of sales	1 053 790	1 391 235	179 192	1 570 427	2 624 217
Net income	**38 952**	**(181 960)**	**(25 043)**	**(207 003)**	**(168 051)**
Lebanon:					
Sales (income)	569 981			—	569 981
Cost of sales	549 032			—	549 032
Net income	**20 949**	—	—	—	**20 949**
Syrian Arab Republic:					
Sales (income)	294 082			—	294 082
Cost of sales	304 800			—	304 800
Net income	**(10 718)**	—	—	—	**(10 718)**
Jordan:					
Sales (income)	1 937 162			—	1 937 162
Cost of sales	1 854 759			—	1 854 759
Net income	**82 403**	—	—	—	**82 403**
West Bank:					
Sales (income)	565 021			—	565 021
Cost of sales	496 025			—	496 025
Net income	**68 996**	—	—	—	**68 996**
Totals:					
Sales (income)	**4 458 988**	**1 209 275**	**154 149**	**1 363 424**	**5 822 412**
Cost of sales	**4 258 406**	**1 391 235**	**179 192**	**1 570 427**	**5 828 833**
Net income	**200 582**	**(181 960)**	**(25 043)**	**(207 003)**	**(6 421)**

Notes to the financial statements

Mission statement

The mission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is to provide education, health, relief and social services, as well as access to microcredit, microfinance and microenterprise opportunities for Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. The primary beneficiaries of UNRWA services are Palestine refugees, particularly the most vulnerable groups, including children, women, the aged and the disabled, although certain non-refugees are provided services under exceptional circumstances, as mandated by the General Assembly.

Note 1
Summary of significant accounting policies

(a) Basis of presentation

1.1 The financial statements are prepared in accordance with the United Nations system accounting standards and the Financial Regulations of the Agency.

(b) Accounting conventions

1.2 The financial statements are prepared under the historical cost convention.

1.3 In accordance with the Agency's financial regulation 10.2, the accounts of the Agency are maintained on the accrual basis of accounting, except for items in note 2. The fundamental accounting concepts of going concern, matching and consistency are followed in the presentation of the financial statements.

1.4 The Agency operates a system of fund accounting. This means it maintains separate accounts for the regular budget and the non-regular budget funds. The Agency's system of fund accounting provides a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund. The financial statements are presented in a columnar manner by fund. Contributions or allocations to funds other than the regular budget are assigned individual project codes, which are maintained as distinct financial and accounting entities.

1.5 The Agency's financial period consists of two consecutive calendar years, as provided for in financial regulation 2.1. An interim closure of accounts is carried out at the end of the first year and a final closure at the end of the second year.

1.6 Owing to the nature of their operations, the financial statements of the Area Staff Provident Fund and those of the microfinance and microenterprise programme are prepared on an annual basis and are presented separately.

(c) Change in accounting policy

1.7 The United Nations system accounting standards (paras. 49 (v) and 51) require that the value of land and buildings be disclosed as an asset and the method of valuation stated, and that costs incurred during construction or major long-term acquisitions be accumulated and disclosed in a separate account. The Agency has in the past deemed it fit to depart from this requirement, in accordance with paragraph 3 of the United Nations system accounting standards, which states that where individual organizations find it necessary to depart from the practice set out in the standards, they should disclose the reasons for doing so in the statement of significant accounting policies included in their financial statements.

1.8 During the current biennium, however, the Agency changed its accounting policy with regard to the treatment of expenditure incurred on land and buildings.

1.9 As a result of this change in accounting policy, all land and buildings acquired after 1 January 2002 whose value has been reliably documented were capitalized and shown on the face of the balance sheet. The capitalization threshold has been set at $2,000. The historical cost of buildings, which had been expensed prior to 31 December 2001, amounted to $276,128,571. These costs were authorized against the Agency's budget and financed out of contributions from various donors. This value may change in future as a result of the revaluation exercise planned to be carried out in the course of the biennium 2008-2009 in preparation for the adoption of IPSAS in 2010.

1.10 Buildings will be depreciated over their useful economic lives on a straight line basis at the rate of 4 per cent, with the exception of prefabricated buildings of a temporary nature, which are deemed to have a shorter lifespan and are therefore depreciated at 10 per cent on a straight line basis. No depreciation will be charged on land. On acquisition (or completion of construction) of buildings, the first-year depreciation charge will be prorated to take into account the actual time in the year that capitalization occurred. All costs incurred on the construction and rehabilitation of refugee shelters will be charged to expenditure in the year in which they are incurred. See note 8 below for a detailed computation of the recognition of land and buildings on the face of the Agency's financial statements. Costs for other items of property, plant and equipment will continue to be charged to expenditure as and when they are incurred, in accordance with the current practice.

(d) Regular budget results for the biennium

1.11 During the biennium ended 31 December 2007, the Agency reported a net excess of income over expenditure of $2,368,536 in its cash regular budget fund, before adjustments. During the biennium, a net adjustment of $16,157,628 was made in respect of a change in accounting policies for termination liabilities, a change in accounting estimates and a change in accounting estimates — contributions. This resulted in a net deficit (net result for the year) of income over expenditure for the biennium for the mainstream General Fund of $15,201,526.

(e) Currency translation

1.12 The accounts of the Agency are maintained in United States dollars. Transactions in other currencies are translated to United States dollars using the United Nations operational rates of exchange prevailing at the time of the transaction. Gains or losses on the conversion of currencies between the market rates (the currency market spot rates at which the trades are executed) and United Nations operational rates of exchange are treated as additions to or reductions from income. At the end of a financial period, assets and liabilities in other currencies are translated to United States dollars at the rates of exchange applicable on 1 January of the following year.

(f) Management of currency risks

1.13 The primary principle of UNRWA risk management is the preservation of the value of its resources in United States dollar terms. UNRWA currency risk can be identified mainly as a potential loss in the value of non-received non-dollar contributions and non-dollar cash assets as a result of a strengthening United States dollar. The risk arises from the date the contributions are pledged. In order to protect its assets and cash flow against adverse currency movements, UNRWA adopts a conservative risk management approach to minimize its exposure to exchange rate fluctuations. Generally, UNRWA will conduct its foreign exchange transactions on the spot market. However, derivative instruments, such as forward contracts and the purchase of options, may be used to reduce foreign exchange risk on current and certain future obligations, assets and liabilities denominated in other currencies. Hedging transactions may be written for periods of up to one year and only for the purpose of minimizing the risk of currency fluctuations, not for trading or speculative purposes. Foreign exchange gains and losses against multi-currency holdings are booked in the regular budget only. Contributions received against non-regular budget projects are credited with the corresponding United States dollar value based on the United Nations currency exchange rates on the date of actual receipt of a contribution and therefore are not exposed to exchange gains and losses (see note 7.1).

(g) Income recognition

1.14 Cash contributions are recorded as income on the basis of confirmed donor pledges received during the current financial period. At the end of the financial period, outstanding confirmed pledges for both the regular and the non-regular budget are accrued as income. Pledges in respect of in-kind donations are also accrued.

1.15 Contributions in kind are recorded as income (using the donor's valuation) when they are received by the Agency, as provided for in financial regulation 10.7, except for contributions received in cash for food commodities.

1.16 Contributions received from donors in respect of a future financial period are treated as income received in advance and are recognized as liabilities in the balance sheet.

1.17 Interest income on bank deposits and micro-loans, income derived from the sale of used vehicles and equipment, shares of profits on insurance policies, income from production units and other sundry income are treated as miscellaneous income.

(h) Expenditure

1.18 Expenditure reported in the Agency's financial statements includes disbursements, un-liquidated obligations (in respect of the procurement of goods and services that have not yet been received as at the end of the financial period) and budget carry forwards (in respect of amounts that are charged to the current biennium's expenditure against justifications that are received against the approved budget) for regular and non-regular budget funds, except expenditure incurred on fixed assets, land and buildings, which is capitalized and depreciated (see paras. 1.9 and 1.10 above).

Note 2
Staff end-of-service and termination benefits

2.1 *Area staff leave encashment.* An amount of $22,061,616 has been accrued and shown on the face of the balance sheet in respect of provisions for the Agency's area staff leave encashment liability. This leave encashment has been estimated on the basis of staff leave balances available in the Agency's Human Resources Management system (leave module). The calculations are based on two categories of staff, teaching and non-teaching staff.

2.2 *Area staff termination liability.* Separation costs for international staff are borne by the United Nations Secretariat and no provision for these costs is made in the Agency's financial statements. Actual separation costs for area staff are charged to the financial period in which they are incurred and no prior provision is made for them. In the event of the Agency ceasing operations, the accumulated termination benefits for area staff as at 31 December 2007 is estimated at $206.9 million ($168.07 million as at 31 December 2005) based on current costs, rules and regulations. During the biennium 2006-2007, a provision of $29 million was made in the budget to meet the Agency's obligations towards end-of-service benefits for area staff expected to retire during the period. The increase of $38.23 million in end-of-service liabilities over the biennium is due to the net difference between:

(a) Increases caused by salary increases Agency-wide, annual increments and the migration of staff members to higher benefit brackets;

(b) Savings resulting from continuing retirement of staff members, the non-availability of end-of-service benefits to newly recruited area staff members, etc.;

(c) The increase in the number of categories of staff included in the computation of the end-of-service benefits.

The criteria for the computation of end-of-service benefits are as follows:

(a) There are three groups/categories of staff concerned:

Group 1: with less than 10 years of service or aged under 46;

Group 2: with 10 or more years of service and aged between 46 and 55;

Group 3: staff taking early voluntary retirement, which is applicable for persons:

(i) Older than 55 with three years of service or more;

(ii) With more than 25 years of service;

(iii) Older than 50 with 10 years of service or more.

(b) The indemnity for each group is as follows:

Group 1 (less than 10 years of service or aged under 46)

Years of qualifying service	*Months of base salary*
0	0
1	1
2	1
3	2
4	3
5	4
6	5
7	6
8	7
9 or more	8

This can be translated into the following statement:

If total service = 1 --> 1 * base salary
If total service between 1.01 and 8.99 --> (total service - 1) * base salary
If total service >= 9 --> 8 * base salary

Group 2 (10 or more years of service and aged between 46 and 55)

Age	*Months of base salary*
46	8.25
47	8.5
48	8.75
49	9
50	9.25
51	9.5
52	9.75
53	10
54	10.25
55	10.5

The above can be translated into the following:

If age = 46 --> 8.25 * base salary
If age = 47 --> 8.50 * base salary
If age = 48 --> 8.75 * base salary
If age = 49 --> 9.00 * base salary
If age = 50 --> 9.25 * base salary
If age = 51 --> 9.50 * base salary
If age = 52 --> 9.75 * base salary
If age = 53 --> 10.00 * base salary
If age = 54 --> 10.25 * base salary
If age = 55 --> 10.50 * base salary

Group 3: staff taking early voluntary retirement, which is applicable for persons:

(i) Older than 55 with three years of service or more;

(ii) With more than 25 years of service;

(iii) Older than 50 with 10 years of service or more

0.085 * total years in service * annual base salary

2.3 *International staff end-of-service liability.* The estimated leave pay encashment entitlement for the total leave days accrued by international staff and the estimated provision for repatriation grant payments as at 31 December 2007 amounted to $3,216,596, broken down as follows:

Provision for repatriation grant payments: $1,839,002

Leave pay encashment: $1,377,594

Note 3
United Nations Joint Staff Pension Fund

UNRWA is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. It is mandatory for internationally recruited UNRWA staff members to join the Pension Fund. The financial obligation of UNRWA to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, together with its share of any actuarial deficiency payments which might become payable pursuant to article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of preparation of the present report the General Assembly has not invoked this provision. The Agency's liability towards the Pension Fund has been fully met as at 31 December 2007.

Note 4
United Nations Relief and Works Agency for Palestine Refugees in the Near East Area Staff Provident Fund

4.1 The UNRWA Area Staff Provident Fund, established under article XIII of the Agency's Financial Regulations, is a retirement benefit plan which applies to all area staff members after six months of service. It is a defined contribution plan. The mandatory staff contribution is 7.5 per cent and the Agency contributes 15 per cent of basic salary. Staff can also contribute up to 50 per cent of their basic salaries in additional voluntary contributions.

4.2 Amounts due to (from) the Area Staff Provident Fund are as follows, in United States dollars:

Balance as at 31 December 2005	*Details*	*Balance as at December 2007*
3 150 069	**Opening balance 01.01.2006**	**(1 132 139)**
52 006 417	Mandatory employee contributions	60 134 845
55 081 655	Agency contribution	66 451 658
1 093 141	Voluntary employee contributions	1 176 903
(21 646 322)	Employee loans	(23 845 052)
216 411	Commission on loans	238 451
(114 534 695)	Withdrawals	(157 986 680)
23 501 185	Current account	58 425 354
(1 132 139)	**Balance due to/(from) Provident Fund**	**3 463 340**

Note 5
Contributions from other sources

Contributions from other sources are miscellaneous contributions received in cash and in kind from individuals, charitable institutions, social bodies, merchants and sources other than the main donors.

Note 6
Miscellaneous income

Miscellaneous income comprises the following:

2004-2005 (United States dollars)		*Details*	*2006-2007 (United States dollars)*	
Regular budget	*Non-regular budget*		*Regular budget*	*Non-regular budget*
3 238 029	236 501	Bank interest on deposits	11 585 932	386 638
1 735 353	35 031	Bank interest on current accounts	3 915 019	60 938
372	—	Disputed and reserved claims refunded	—	—
362 614	21 139	Sundries	514 142	31 428
(601 489)	—	Profit (losses) on production units in Gaza[a]	(156 917)	—
—	—	Stale cheques	35 016	—
4 734 879	**292 671**	**Miscellaneous income**	**15 893 192**	**479 004**
5 313 712		Microfinance and Microenterprise Department operating revenues	7 486 460	
10 341 262		**Total**	**23 858 655**	

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[a] Please refer to the annex for further details.

Note 7
Currency exchange gains/(losses)

Currency exchange gains and losses are realized and unrealized gains and losses on the translation of non-United States dollar-denominated balances and transactions during the biennium. The foreign exchange gains for the biennium (realized and unrealized) amounted to $11,939,893.

Closing balance 2005 (United States dollars)			*Closing balance 2007 (United States dollars)*	
Regular budget	*Non-regular budget*	*Details*	*Regular budget*	*Non-regular budget*
(537 832)	—	Realized currency exchange rate gain/(loss)	4 331 510	
(18 041 204)	(367)	Unrealized currency exchange gain/(loss)	7 560 157	
(18 579 036)	**(367)**	**Subtotal**	**11 891 667**	
	6 202	Microfinance and Microenterprise Department exchange gains/(losses)		48 226
	(18 573 201)	**Total**		**(11 939 893)**

Note 8
Fixed assets (land and buildings)

Fixed assets schedule

	Cost				Depreciation				
Description	*Cost as at 01.01.2006*	*Additions in 2006-2007*[a]	*Disposals in 2006-2007*	***Balance as at 31.12.2007***	*Balance at 01.01.2006*	*Depreciation charge for the year*	*Releases from depreciation on disposal*	***Balance as at 31.12.2007***	***Net book value as at 31.12.2007***
Land	219 049	—	—	**219 049**	—	—	—	**—**	**219 049**
Buildings 2002-2005					—				
Buildings GF	66 249 632	6 724 118	—	**72 973 750**	(5 874 831)	(5 656 669)	—	**(11 531 500)**	**61 442 250**
Buildings (projects)	—	28 185 904	—	**28 185 904**	—	(1 417 198)	—	**(1 417 198)**	**26 768 706**
Prefabricated buildings/temporary buildings	—	146 965	—	**146 965**	—	(29 393)	—	**(29 393)**	**117 572**
Total	**66 468 681**	**35 056 987**	—	**101 525 668**	**(5 874 831)**	**(7 103 259)**	—	**(12 978 090)**	**88 547 577**

[a] Additions by year:

Additions 2006 GF	5,279,251
Additions 2007 GF	1,444,868
Prefabricated buildings 2006	146,965
Additions 2006 projects	7,244,034
Additions 2007 projects	20,941,870

Fixed assets (2002-2005) schedule

	Revalued buildings acquired between 2002 and 2005					Backlog depreciation for each year of acquisition					
Description	*2002*	*2003*	*2004*	*2005*	***Total***	*2002*	*2003*	*2004*	*2005*	***Total***	***Net revalued assets as at 31.12.2005***
Buildings 2002-2005	12 655 815	13 586 069	15 480 823	24 526 925	**66 249 632**	(2 024 930)	(1 630 328)	(1 238 466)	(981 107)	**(5 874 831)**	**60 374 801**

Note 9
Vehicles and equipment

The historical costs of vehicles and equipment, which are expended at the time of purchase, are set out below. (See paras. 7 to 1.10 above for policy on treatment of acquisitions of other fixed assets.)

Closing balance 2005 (US$)	*Details*	*Movements in 2006/2007*		*Closing balance 2007 (US$)*
		Additions	*Disposals*	
20 886 986	Active vehicles	5 521 797	(1 703 806)	24 704 977
3 863 964	Surveyed vehicles	1 671 173	(2 137 637)	3 397 501
55 595 484	Active equipment	16 015 223	(5 366 487)	66 244 219
—	Surveyed equipment	1 455 944	(1 455 944)	—
—	Missing equipment			—
148 221	Non-Agency property, equipment			148 221
80 494 655	**Other fixed assets**			**94 494 918**
772 090	Microfinance and Microenterprise Department fixed assets			802 087
81 266 745	**Total**			**95 297 005**

Note 10
Cash on hand and in banks

10.1 The cash on hand and in bank balance of $212,046,146 includes Microfinance and Microenterprise Department bank balances. Cash balances relating to the emergency appeal and projects amounting to $124,132,650 are earmarked for activities relating to the fund groups in the current biennium and $83,070,206 was earmarked for the biennium ended 31 December 2005.

10.2 The cash balances of $212,046,146 at the end of the biennium were held in the currencies shown below. Currency values have been converted at the United Nations operational rate of exchange as at 1 January 2008.

Closing balance 2005 All funds				*Closing balance 2007 All funds*		
Currency amount	*United Nations rate of exchange*	*US$ amount*	*Currency*	*Currency amount*	*United Nations rate of exchange*	*US$ amount*
2 542	1.3700	1 856	AUD	140.02	1.140	122.82
21 670	1.1700	18 521	CAD	2 019 561.60	0.981	2 058 676.45
1 139 456	1.3100	869 814	CHF	4 365 996.47	1.090	4 005 501.33
490 235	6.3000	77 815	DKK	5 097 380.02	5.110	997 530.36
114 735	5.7300	20 024	EGP	156 309.21	5.510	28 368.28
103 472 735	0.8450	122 452 940	EUR	20 240 026.98	0.686	29 503 859.45
1 255 661	0.5810	2 161 205	GBP	181 633.72	0.502	361 820.17
(545 564)	0.7080	(770 571)	JOD	69 975.28	0.708	98 835.12
(11 984 349)	117.0000	(102 430)	JPY	82 496.00	108.000	763.85
(79 884 750)	1 501.0056	(53 220)	LBP	(212 954 059.18)	1 508.000	(141 216.22)
2 257 617	4.6000	490 786	NIS	2 162 667.30	3.890	555 955.63
75 061 829	6.7700	11 087 420	NOK	33 653 146.66	5.480	6 141 085.10
297 930	7.9600	37 429	SEK	9 123.03	6.490	1 405.71
10 382 768	52.0000	199 668	SYP	18 557 424.71	48.100	385 809.24
33 161 653	1.0000	33 161 655	USD	159 827 805.52	1.000	159 827 805.52
	169 652 912			Cash in bank		203 826 322.81
	393 533			Cash on hand		834 633
	170 046 445			**Subtotal**		**204 660 955**
	7 494 612			Add Microfinance and Microenterprise Department balances		7 385 191
	177 541 057			**Total cash balances**		**212 046 146**

Note 11
Donor contributions receivable

11.1 Contributions receivable represent confirmed pledges outstanding from donors for 2006-2007 for both regular budget and non-regular budget activities as at 31 December 2007.

11.2 The total contributions receivable reported in statement 2 at the end of the biennium was $86,496,056, comprising regular budget contributions of $22,966,207 and non-regular budget contributions of $63,529,849 against 2006-2007 outstanding contributions, in addition to Microfinance and Microenterprise Department contributions receivable of $473,841.

11.3 The following is a breakdown of contributions receivable balances by donor category at the end of the biennium. These balances have been accrued as income in 2006-2007. More details are shown in appendix 4.

2004-2005 (US$)			*2006-2007 (US$)*	
Regular budget	*Non-regular budget*	*Details*	*Regular budget*	*Non-regular budget*
13 453 988	32 014 819	Due from Governments	10 976 876	17 652 391
9 485 613	8 165 525	Due from intergovernmental organizations	11 628 280	27 860 528
123 814	22 500	Due from United Nations organizations	118 000	241 198
2 177	1 418 527	Due from non-governmental organizations	176 350	17 746 681
—	8 000	Other donors	66 700	28 872
23 065 592	**41 629 371**	**Contributions receivable**	**22 966 207**	**63 529 850**
943 396		Microfinance and Microenterprise Department contributions receivable	473 841	
65 638 359		**Total**	**86 969 897**	

11.4 The following are the outstanding contributions receivable by donor category:

Donor	*Total*	*Old outstanding pledges prior to 2006-2007 not accrued*[a] *(US$)*	*Outstanding pledges accrued in 2006-2007 (US$)*
Governments	55 263 279	26 634 012	28 629 267
Intergovernmental organizations	51 673 109	12 184 302	39 488 807
United Nations organizations	359 198	—	359 198
Non-governmental organizations	18 042 694	119 483	17 923 211
Sundry	95 572	—	95 572
Subtotal	**125 433 852**	**38 937 797**	**86 496 055**
Microfinance and Microenterprise Department outstanding pledges	6 644 380	6 170 539	473 841
Total	**132 078 233**	**45 108 336**	**86 969 897**

[a] Outstanding pledges prior to 2006-2007 of $45,108,336 represent old outstanding pledges that have not been accrued in the current biennium.

Note 12
Accounts receivable

12.1 The breakdown of accounts receivable is as follows:

Closing balance 2005 (US$)			*Closing balance 2007 (US$)*	
Regular budget	*Non-regular budget*	*Details*	*Regular budget*	*Non-regular budget*
5 953 743	2 221 267	VAT due from the Palestinian Authority	10 935 116	9 533 078
1 126 747	(535)	VAT due from the Government of Israel	1 271 037	(1 620)
168 576	741 823	VAT due from the Government of Lebanon	58 028	352 582
153 331	—	Claims against Governments, non-disputed	153 331	—
5 242 580	—	Project disbursement advances	—	—
2 375 000	—	OPEC Palestine trust fund towards Microfinance and Microenterprise Department	2 375 000	—
2 714 146	1 583 209	Miscellaneous receivables	1 903 371	2 230 347
2 084 908	—	Personal accounts of staff members	2 359 376	—
—	—	Receivables related to Provident Fund movements	2 866 051	—
85 369	—	Goods loaned to other parties	—	—
73 583	—	Refundable utility deposits	95 436	—
937	—	Insurance claims	27 695	—
19 978 920	**4 545 764**	**Subtotal**	**22 044 439**	**12 114 386**
		Provisions		
		Provision for bad and doubtful debts	(22 095)	—
(24 905)	(2 777)	Provision for claims against Governments	(22 390)	(2 173)
—	(16 742)	Microcredit community support programme provision for bad and doubtful debts	—	—
(24 905)	**(19 519)**	**Subtotal**	**(44 485)**	**(2 173)**
8 019 321		Microfinance and Microenterprise Department loans receivable net provision	10 051 358	
32 499 581		**Accounts receivable net of provisions**	**44 163 525**	

12.2 The amount of $815,016 represents funds due from the Microfinance and Microenterprise Department as a result of operational payments that UNRWA makes on its behalf; such funds are settled on a monthly basis.

Note 13
Inventory

The Agency has three self-supporting production units, the Embroidery Centre, the Carpentry Unit and the Contracting Section, all of which are located in Gaza. These units are governed by separate instructions for effective management control and performance assessment. Therefore, as an exception to the Agency's accounting policies, inventory of these production units is reported at cost, under assets in the financial statements.

Closing balance 2005 (United States dollars)	*Details*	*Closing balance 2007 (United States dollars)*
356 723	Raw materials inventory — Carpentry Unit	—
61 182	Raw materials inventory — Embroidery Centre	52 729
417 905	**Raw materials inventory subtotal**	**52 729**
21 959	Work in progress — Carpentry Unit	—
1 920	Work in progress — Embroidery Centre	2 203
23 879	**Work in progress subtotal**	**2 203**
100 324	Finished goods — Carpentry Unit	—
86 779	Finished goods — Embroidery Centre	73 021
187 103	**Finished goods subtotal**	**73 021**
628 887	**Total production units inventory**	**127 953**

Note 14
Accounts payable

14.1 The accounts payable comprise:

Closing balance 2005 (US$)			*Closing balance 2007 (US$)*	
Regular budget	***Non-regular budget***	***Details***	***Regular budget***	***Non-regular budget***
16 165 356	1 898 244	Supplier accounts payable	14 010 881	4 212 579
561 242		Deposits received	560 225	—
497 217		Ministry of Education — Jordan (textbooks)	—	—
633 000		West Bank water supply (Palestinian Authority)	770 800	—
13 473		Unpaid cheques	309 344	—
974 296		Area staff group medical insurance	323 052	—
127 296		Unpaid salaries, wages and other expenses	159 851	—
175 070		Other salary-related payables	2 615 190	—
2 375 000		Dues to OPEC Palestine Trust Fund	2 375 000	—
1 304 876		Funds held for other entities	860 157	2 860
1 974 739		Interest due to projects	2 853 971	—
76 365		VAT refunds from the Palestinian Authority due to projects	32 844	—
—		Miscellaneous accounts payable	201 488	9
24 877 930	**1 898 244**	**Accounts payable**	**25 072 802**	**4 215 448**
46 612		Microfinance and Microenterprise Department accounts payable	2 616 812	
26 822 786		**Total accounts payable**	**31 905 062**	

14.2 The supplier accounts payable age analysis is as follows, in United States dollars:

1-30 days	*31-60 days*	*61-90 days*	*Over 90 days*	*Total*
15 656 507	308 039	146 162	2 112 752	**18 223 460**

14.3 Included in the supplier accounts payable is the amount of $11.2 million already paid to suppliers and reported under the title "Prepaid expenses and advances to suppliers" shown on the assets side of the balance sheet. This accounting treatment, whereby the asset and liability accounts referred to above are offset against each other once the supplies are received in the Agency's warehouse, was necessary to enable goods in transit to be tracked.

Note 15
Reserve for unliquidated budget commitments

Closing balance 2005 (United States dollars)			*Closing balance 2007 (United States dollars)*	
Regular budget	*Non-regular budget*	*Details*	*Regular budget*	*Non-regular budget*
25 398 587	9 152 848	Unliquidated budget obligations	15 893 759	100 098 753
5 251 621	6 590 469	Goods in transit purchase orders	1 915 727	—
6 050 843	—	Provision for carrying forward	12 126 870	—
36 701 051	**15 743 317**	**Total reserve for commitments**	**29 936 356**	**100 098 753**

15.1 The provisions for unliquidated budget commitments are in respect of procurement of goods and services that have not yet been received as at the end of the financial period.

15.2 The provision for carrying forward, amounting to $12,126,870, is in respect of amounts that are charged to current biennium expenditure against justifications that are received against the approved budget. The amount of $100,098,753 is in respect of building construction and procurement of minor equipment. These are hard commitments or obligations that are carried forward to the next biennium budget and are broken down as follows:

	United States dollars
Building construction	68 342 604
Minor equipment	3 865 321
Staff costs	4 677 888
Procurement of supplies	17 648 696
Other	5 564 244
Total	**100 098 753**

Note 16
Prior-year adjustments

16.1 As shown in statement 5, prior-year adjustments represent adjustments made either to working capital and reserves accounts brought forward or to current-year surplus or shortfall of income over expenditure amounts, depending on the category of adjustments. Prior-year adjustments are divided into three distinct categories:

(i) Prior-year adjustments due to a change in accounting policies;

(ii) Prior-year adjustments due to a change in accounting estimates;

(iii) Prior-year adjustments due to the correction of fundamental errors.

The net amount in respect of prior-year adjustments for the biennium ended 31 December 2007 is $21,309,147, broken down as follows:

2004-2005 amount (US$)	*Category*	*2006-2007 amount (US$)*
—	Due to a change in accounting policies	21 804 571
(20 012 118)	Due to a change in accounting estimates	25 536 647
	Due to a change in contribution estimates	(23 877 702)
75 679	Due to a change in accounting estimates, Microfinance and Microenterprise Department	(1 163 520)
19 936 439	**Total**	**21 309 147**

16.2 Reclassifications between funds are:

(a) Closed-project balances transferred from one fund group to another;

(b) Regrouping of funds between budget funds.

Biennium 2004-2005 (US$)			*Biennium 2006-2007 (US$)*	
Regular budget	*Non-regular budget*		*Regular budget*	*Non-regular budget*
429 764	2 992 025	Reclassifications between funds	138 977	(138 977)

Note 17
Commitments and contingent liabilities

17.1 The Agency's contingent liabilities as at 31 December 2007, as evaluated by the Legal Department, fall broadly into two categories, namely, those in connection with personnel matters in respect of significant claims, litigation or arbitration and those associated with contractual matters. Contractual matters relate mostly to claims pertaining to procurement/purchase orders and claims from landlords from whom the Agency rents buildings.

17.2 A number of appeals by personnel that could involve the payment of back wages and entitlements are pending consideration by the respective appeals boards of the international and area staff as well as by the United Nations Administrative Tribunal. The contingent liabilities relating to those appeals amount to approximately $981,145 as at 31 December 2007 (2004-2005: $1,329,928.50).

17.3 The contingent liabilities for commercial contracts are approximately $8,119,922.05 as at 31 December 2007 (2004-2005: $10,477,674.30).

Note 18
Microfinance and Microenterprise Department

18.1 Financial statements 1 to 5 include aggregate figures for the Microfinance and Microenterprise Department. The income, expenditure, prior-year adjustments and net result of the Microfinance and Microenterprise Department are presented as follows:

2004-2005 (US$)	*Description*	*2006-2007 (US$)*
	Income	
3 915 334	Interest on loans	4 970 213
1 229 671	Recoveries from written-off loans	1 248 333
84 062	Interest on bank deposits and other revenues	406 990
84 645	Training income	240 261
—	Accrued interest revenue	84 301
—	Other income	123 653
6 202	Currency exchange gains	48 226
—	Revenue funded from grants	412 709
5 319 914	**Total income**	**7 534 686**
	Expenditure	
3 938 473	Salaries and related expenditure	5 305 207
246 912	Special service contracts	495 751
296 020	Occupancy	364 358
128 073	Communication	177 792
140 917	Stationery and supplies	328 872
31 734	Minor equipment and maintenance	39 534
174 464	Travel and transportation	259 739
153 535	Depreciation	270 013
90 172	Programme support costs	122 975
1 022 068	Loans written off	—
5 610	Cash losses	—
12 270	Training	184 245
—	Provision for expenses for impaired loans	1 954 549
129 812	Other costs	17 611
—	Expenses funded by grants	(412 709)
6 370 060	**Total expenditure 2004-2005**	**9 107 937**
	Adjustments to expenses	
—	Expenses funded by grants	412 709
—	Retirement benefits obligation	(626 636)
6 370 060	**Total expenditure after adjustments**	**8 894 010**

2004-2005 (US$)	*Description*	*2006-2007 (US$)*
—	**Adjustments**	**(1 163 520)**
(1 050 146)	**Net result for the period**	**(2 522 844)**

18.2 More details on the Microfinance and Microenterprise Department are provided separately in Part III, statements A, B, C and D, and the notes to its financial statements.

A/63/5/Add.3